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MEMORANDUM
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FROM: Ernest G. Johnson *E.G.J.* AZ CORP COMMISSION
Director DOCUMENT CONTROL DEC 15 2003
Utilities Division

2003 DEC 15 A 9:05

AZ CORP COMMISSION
DOCUMENT CONTROL

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

DATE: December 15, 2003

RE: IN THE MATTER OF THE APPLICATION OF CITYNET ARIZONA, LLC FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE FACILITIES-BASED AND RESOLD LONG DISTANCE AND FACILITIES-BASED AND RESOLD LOCAL EXCHANGE SERVICES IN ARIZONA AND PETITION FOR COMPETITIVE CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA (DOCKET NO. T-04201A-03-0552)

Attached is the Staff Report for the above referenced application. The Applicant is applying for approval to provide the following services:

- Resold Long Distance Services
- Facilities-Based Long Distance Services
- Resold Local Exchange Services
- Facilities-Based Local Exchange Services

Staff is recommending approval of the application.

/ajl

Originator: Adam Lebrecht

Attachment: Original and Ten Copies

Arizona Corporation Commission
DOCKETED

FEB 10 2004

DOCKETED BY	<i>AKL</i>
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

CITYNET ARIZONA, LLC
DOCKET NO. T-04201A-03-0552

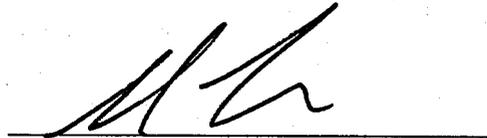
IN THE MATTER OF THE APPLICATION OF CITYNET ARIZONA, LLC FOR A
CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE FACILITIES-
BASED AND RESOLD LONG DISTANCE AND FACILITIES-BASED AND
RESOLD LOCAL EXCHANGE SERVICES AND PETITION FOR COMPETITIVE
CLASSIFICATION OF PROPOSED SERVICES WITHIN THE STATE OF ARIZONA

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STAFF ACKNOWLEDGMENT

The Staff Report for Citynet Arizona, LLC, Inc., Docket No. T-04201A-03-0552, was the responsibility of the Staff member listed below. Adam Lebrecht was responsible for the review and analysis of the Applicant's application for a Certificate of Convenience and Necessity to provide resold and facilities-based long distance and resold and facilities-based local exchange services; and petition for a determination that its proposed services should be classified as competitive.

A handwritten signature in black ink, appearing to read 'AL', is positioned above a horizontal line.

Adam Lebrecht
Executive Consultant I

1. INTRODUCTION

On August 7, 2003, Citynet Arizona, LLC ("Citynet" or "Applicant") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold and facilities-based long distance and resold and facilities-based local exchange services within the State of Arizona. The Applicant petitioned the Arizona Corporation Commission ("Commission") for a determination that its proposed services should be classified as competitive.

Staff's review of this application addresses the overall fitness of the Applicant to receive a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive and if the Applicant's initial rates are just and reasonable.

2. THE APPLICANT'S APPLICATION FOR A CERTIFICATE OF CONVENIENCE & NECESSITY

This section of the Staff Report contains descriptions of the geographic market to be served by the Applicant, the requested services, and the Applicant's technical and financial capability to provide the requested services. In addition, this section contains the Staff evaluation of the Applicant's proposed rates and charges and Staff's recommendation thereon.

2.1 DESCRIPTION OF THE GEOGRAPHIC MARKET TO BE SERVED

Citynet seeks authority to provide telecommunications services throughout the State of Arizona.

2.2 DESCRIPTION OF REQUESTED SERVICES

Citynet proposes to provide resold and facilities-based long distance and resold and facilities-based local exchange services.

2.3 THE ORGANIZATION

Citynet is incorporated under the laws of the State of Delaware and has authority to transact business in Arizona.

2.4 TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

Citynet currently has a staff of 80 employees with a total combined experience of over 240 years in the telecommunications industry. Based on this, Staff believes Citynet possesses the technical capabilities to provide the services it is requesting the authority to

provide.

2.5 FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES

The Applicant did provide unaudited financial statements for the eight (8) months ending September 1, 2003. These financial statements list assets of \$1 million; negative equity of \$3.4 million; and a net loss of \$3.4 million. The Applicant did not provide notes related to the financial statements.

The Applicant stated in its Tariff (reference Section 2.5.2 on page 30) that it does collect from its customers an advance, deposit, and/or prepayment. Staff believes that an advance, deposit, and/or prepayment received from the Applicant's resold interexchange customers should be protected by the procurement of a performance bond. Since the Applicant is requesting a CC&N for more than one kind of service, the amount of a performance bond for multiple services is an aggregate of the minimum bond amount for each type of telecommunications services requested by the Applicant. The amount of bond coverage needed for each service is as follows: resold interexchange \$10,000 for advances, deposits and/or prepayments collected; resold local exchange \$25,000; facilities-based long distance \$100,000; and facilities-based local exchange \$100,000. The bond coverage needs to increase in increments equal to 50 percent of the total minimum bond amount when the total amount of the advances, deposits, and prepayments is within 10 percent of the total minimum bond amount. Further, measures should be taken to ensure that the Applicant will not discontinue service to its local exchange customers without first complying with Arizona Administrative Code ("AAC") R14-2-1107.

To that end, Staff recommends that the Applicant procure a performance bond equal to \$235,000. The minimum bond amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the bond amount. If the Applicant desires to discontinue local exchange service, it must file an application with the Commission pursuant to AAC R14-2-1107. Additionally, the Applicant must notify each of its local exchange customers and the Commission 60 days prior to filing an application to discontinue service. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond. Staff further recommends that proof of the above mentioned performance bond be docketed within 365 days of the effective date of an Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

However, if at some time in the future, the Applicant does not collect from its customers an advance, deposit, and/or prepayment, Staff recommends that the Applicant be allowed to file a request for cancellation of its established performance bond regarding its resold interexchange service. Such request must reference the decision in this docket and must explain the applicant's plans for procuring a performance bond. Upon receipt

of such filing and after Staff review, Staff will forward its recommendation to the Commission.

2.6 ESTABLISHING RATES AND CHARGES

The Applicant would initially be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs") and interexchange carriers are providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

Both an initial rate (the actual rate to be charged) and a maximum rate must be listed for each competitive service offered, provided that the rate for the service is not less than the Company's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the company and has determined that its fair value rate base is zero. Accordingly, the company's fair value rate base is too small to be useful in a fair value analysis. In addition, the rate to be ultimately charged by the company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the company, it did not accord that information substantial weight in its analysis.

3. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES

Since the Applicant intends to provide local exchange service, the issues related to the provision of that service are discussed below.

3.1 DIRECTORY LISTINGS AND DIRECTORY ASSISTANCE

Callers should be able to determine the telephone numbers belonging to customers of alternative local exchange companies, such as the Applicant. Staff recommends that the Applicant file a plan, within 365 days of the effective date of the Order in this matter or 30 days prior to the provision of service, whichever comes first, that must remain in effect until further order of the Commission, how it plans to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases before it begins providing local exchange service.

3.2 NUMBER PORTABILITY

Another issue associated with the Applicant's proposal to become a competitive local exchange company relates to how telephone numbers should be administered. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Staff recommends that the Applicant pursue permanent number portability arrangements with other local exchange carriers ("LECs") that are consistent with federal laws, federal rules and state rules.

3.3 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE

The Commission has adopted rules to address the level of funding for universal telephone service during and after the transition to a competitive telecommunications services market. The rules contain the terms and conditions for contributions to and support received from telephone service subscribers in order to maintain the Arizona Universal Service Fund ("AUSF"). Under the rules, the Applicant will be required to contribute to the AUSF and it may be eligible for AUSF support. Therefore, Staff recommends that approval of the Applicant's application for a CC&N be conditioned upon the Applicant's agreement to abide by and participate in the AUSF mechanism established by Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498).

3.4 QUALITY OF SERVICE

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest (f/k/a USWC) in Docket No. T-01051B-93-0183 (Decision No. 59421). Because the penalties that were developed in this docket were initiated only because Qwest's level of service was not satisfactory, Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

3.5 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. There may be areas where the Applicant installs the only local exchange service facilities. In the interest of providing competitive alternatives to the Applicant's

local exchange service customers, Staff recommends that the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve such areas. This way, an alternative local exchange service provider may serve a customer if the customer so desires. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated there under and Commission rules on interconnection and unbundling.

3.6 911 SERVICE

The Applicant has indicated in its application that it will provide all customers with 911 and E911 service, where available, or will coordinate with ILECs and emergency service providers to provide the service. Staff believes that the Applicant should be required to work cooperatively with local governments, public safety agencies, telephone companies, the National Emergency Number Association and all other concerned parties to establish a systematic process in the development of a universal emergency telephone number system. Staff recommends that the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers before it begins to provide local exchange service, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

3.7 CUSTOM LOCAL AREA SIGNALING SERVICES

In its decisions related to Qwest's proposal to offer Caller ID and other CLASS features in the State, the Commission addressed a number of issues regarding the appropriateness of offering these services and under what circumstances it would approve the proposals to offer them. The Commission concluded that Caller ID could be offered provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, should be provided as options to which customers could subscribe with no charge. The Commission also approved a Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, which indicates that the number has been blocked. The Commission further required that Qwest engage in education programs when introducing or providing the service(s).

Staff recommends that the Applicant be required to abide by all the Commission decisions and policies regarding Caller ID and other CLASS services. However, Staff does not believe that it is necessary for the Applicant to engage in the educational program that was ordered for Qwest as long as customers in the areas where the Applicant intends to serve have already been provided with educational material and are aware that they can have their numbers blocked on each call or at all times with line blocking.

3.8 EQUAL ACCESS FOR INTEREXCHANGE CARRIERS

Although the Applicant did not indicate that its switch will be "fully equal access capable" (i.e. would provide equal access to interexchange companies), the Commission requires local exchange companies to provide 2-Primary Interexchange Carriers ("2-PIC") equal access. 2-PIC equal access allows customers to choose different carriers for interLATA and intraLATA toll service and would allow customers to originate intraLATA calls using the preferred carrier on a 1+ basis. Staff recommends that the Applicant be required to provide 2-PIC equal access.

4. REVIEW OF COMPLAINT INFORMATION

The Applicant has neither had an application for service denied, nor revoked in any state. There are, and have been, no formal complaint proceedings involving the Applicant. There have not been any civil or criminal proceedings against the Applicant. Consumer Services reports no complaint history within Arizona.

The Applicant indicated that none of its officers, directors or partners have been involved in any civil or criminal investigations, formal or informal complaints. The applicant also indicated that none of its officers, directors or partners have been convicted of any criminal acts in the past ten (10) years.

5. COMPETITIVE SERVICES ANALYSIS

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive. The Applicant has published legal notice of the application in all counties in which it requests authorization to provide service. The Applicant has certified that all notification requirements have been completed. Staff's analysis and recommendations are discussed below.

5.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES

5.1.1 **A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The analysis of the market for local exchange service that the Applicant seeks to enter must take into account the fact that there are two local exchange service submarkets. The first is the local exchange service market that consists of locations where ILECs currently provide service. The second local exchange service market consists of locations within ILECs' service territories where ILECs are authorized to provide local exchange service, but where they do not actually provide service.

The local exchange market that the Applicant seeks to enter is one in which a number of new CLECs have been authorized to provide local exchange service. Nevertheless, ILECs hold a virtual monopoly in the local exchange service

market. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments. Staff recommends that, in those instances where the Applicant provides the only facilities used to provide telecommunications service, that the Applicant be required to allow other local exchange companies to use those facilities to serve customers who wish to obtain service from an alternative provider pursuant to federal laws, federal rules and state rules.

5.1.2 The number of alternative providers of the service.

Qwest and various independent LECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

5.1.3 The estimated market share held by each alternative provider of the service.

Since Qwest and the independent LECs are the primary providers of local exchange service in the State, they have a large share of the market. Since the CLECs and local exchange resellers have only recently been authorized to offer service they have limited market share.

5.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

None.

5.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

5.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories and which provide them with a virtual

monopoly over local exchange service. New entrants are also beginning to enter this market.

- b. One in which new entrants will be dependent upon ILECs:
 - 1. To terminate traffic to customers.
 - 2. To provide essential local exchange service elements until the entrant's own network has been built.
 - 3. For interconnection.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- d. One in which Qwest provides a quality of service that has generated a significant number of complaints. These complaints led the Commission to adopt service quality rules that contain penalties if the service quality standards are not met. A provider of alternative service, such as the Applicant, should provide Qwest--as well as other incumbents--with the incentive to produce higher quality service including service installation and repair on a timely basis.
- e. One in which most customers have few, if any choices since there is generally only one provider of local exchange service in each service territory.
- f. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

5.2 COMPETITIVE SERVICES ANALYSIS FOR INTEREXCHANGE SERVICES

5.2.1 **A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The interexchange market that the Applicant seeks to enter is one in which numerous facilities-based and resold interexchange carriers have been authorized to provide service throughout the State. The Applicant will be a new entrant in this market and, as such, will have to compete with those companies in order to obtain customers.

5.2.2 **The number of alternative providers of the service.**

There are a large number of facilities-based and resold interexchange carriers providing both interLATA and intraLATA interexchange service throughout the

State. In addition, various ILECs provide intraLATA interexchange service in many areas of the State.

5.2.3 The estimated market share held by each alternative provider of the service.

The large facilities-based interexchange carriers (AT&T, Sprint, MCI WorldCom, etc.) hold a majority of the interLATA interexchange market, and the ILECs provide a large portion of the intraLATA interexchange market. Numerous other interexchange carriers have a smaller part of the market and one in which new entrants do not have a long history with any customers.

5.2.4 The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications Applicant, as defined in A.A.C. R14-2-801.

None.

5.2.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.

Both facilities-based and resold interexchange carriers have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the ILECs offer similar intraLATA toll services.

5.2.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).

The interexchange service market is:

- a. One with numerous competitors and limited barriers to entry.
- b. One in which established interexchange carriers have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market.
- c. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

6. RECOMMENDATIONS

The following sections contain the Staff recommendations on the Applicant's application for a CC&N and the Applicant's petition for a Commission determination that its proposed services should be classified as competitive.

6.1 RECOMMENDATIONS ON THE APPLICANT'S APPLICATION FOR A CC&N

Citynet is incorporated under the laws of the State of Delaware. Citynet currently employs a staff of eighty (80) with over 240 years of total combined experience in the telecommunications industry. Based on this, Staff believes Citynet has the capability to provide its proposed services, as requested, and the provision of these would merely be an extension of its current activities elsewhere. Therefore, Staff recommends that the Applicant's application for a CC&N to provide intrastate telecommunications services, as listed in Section 2.2 of this Report, be granted. In addition, Staff further recommends:

1. That, unless it provides services solely through the use of its own facilities, the Applicant procure an Interconnection Agreement, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, that must remain in effect until further order of the Commission, before being allowed to offer local exchange service;
2. That the Applicant file with the Commission, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, its plan to have its customers' telephone numbers included in the incumbent's Directories and Directory Assistance databases, that must remain in effect until further order of the Commission;
3. That the Applicant pursue permanent number portability arrangements with other LECs pursuant to Commission rules, federal laws and federal rules;
4. That the Applicant agree to abide by and participate in the AUSF mechanism instituted in Decision No. 59623, dated April 24, 1996 (Docket No. RT-00000E-95-0498);
5. That the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;
6. That the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve areas where the Applicant is the only provider of local exchange service facilities;
7. That the Applicant be required to certify, through the 911 service provider in the area in which it intends to provide service, that all issues associated with the provision of 911 service have been resolved with the emergency service providers, within 365 days of the effective date of the order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission;
8. That the Applicant be required to abide by all the Commission decisions and policies regarding CLASS services;

9. That the Applicant be required to provide 2-PIC equal access;
10. If at some future date, the Applicant does collect from its resold long distance customers an advance, deposit, and/or prepayment, it may file a request for cancellation of its performance bond regarding resold interexchange service. Such request must reference the decision and date of this docket;
11. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's address or telephone number;
12. That the Applicant comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service;
13. That the Applicant maintain its accounts and records as required by the Commission;
14. That the Applicant file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate;
15. That the Applicant maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require;
16. That the Applicant cooperate with Commission investigations including, but not limited to customer complaints;
17. That the Applicant participates in and contributes to a universal service fund, as required by the Commission; and
18. That the Applicant be subject to the Commission's rules governing interconnection and unbundling and the 1996 Telecommunications Act and the rules promulgated thereunder. In the event that the Applicant provides essential services or facilities that potential competitors need in order to provide their services, the Applicant should be required to offer those facilities or services to these providers on non-discriminatory terms and conditions pursuant to federal laws, federal rules, and state rules:
19. The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Staff obtained information from the company and has determined that its fair value rate base is zero. Accordingly, the company's fair value rate base is too small to be useful in a fair value analysis. In addition, the rate to be ultimately charged by the company will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the company, the fair value information provided should not be given substantial weight in this analysis.

20. The Applicant should be ordered to file an application with the Commission pursuant to AAC R14-2-1107, if the Applicant desires to discontinue service. The Applicant should be required to notify each of its local exchange customers and the Commission 60 days prior to filing an application to discontinue service; and any failure to do so should result in forfeiture of the Applicant's performance bond.

Staff further recommends that the Applicant be ordered to comply with the following. If it does not do so, the Applicant's CC&N shall be null and void without further order of the Commission and no time extensions shall be granted.

1. The Applicant shall file conforming tariffs for its CC&Ns to provide resold long distance, facilities-based long distance, resold local exchange and facilities-based local exchange services within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first, and in accordance with the Decision; and
2. The Applicant shall:
 - a. procure a performance bond equal to \$235,000. The minimum bond amount of \$235,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond amount should be increased in increments of \$117,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$23,500 of the bond amount.
 - b. docket proof of the performance bond within 365 days of the effective date of an Order in this matter or 30 days prior to the provision of service, whichever comes first, and must remain in effect until further order of the Commission.

5.2 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange or interexchange service markets. Therefore, the Applicant currently has no market power in the local exchange or interexchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.

SERVICE LIST FOR: Citynet Arizona, LLC
DOCKET NO. T-04201A-03-0552

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Mr. Christopher C. Kempley
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Chief Administrative Law Judge
Arizona Corporation Commission
Hearing Division
1200 West Washington
Phoenix, Arizona 85007

Lebrecht

5-2

January 27, 2004

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TO: Docket Control

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FROM: Ernest G. Johnson
Director
Utilities Division

EGJ

JAN 28 2004

AZ CORP COMMISSION
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AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

THRU: Matthew Rowell
Chief, Telecommunications & Energy Section
Utilities Division

MR

RE: ADDENDUM TO THE STAFF REPORT OF CITYNET ARIZONA, LLC
REQUESTING A CERTIFICATE OF CONVENIENCE AND NECESSITY TO
PROVIDE FACILITIES-BASED LONG DISTANCE, RESOLD LONG DISTANCE,
FACILITIES-BASED LOCAL EXCHANGE AND RESOLD LOCAL EXCHANGE
SERVICES. (DOCKET NO. T-04201A-03-0552)

Staff is requesting that the following changes be made to the Staff Report of Citynet Arizona, LLC submitted on December 15, 2003. Staff requests that the first sentence of paragraph one be changed to read:

The Applicant did provide unaudited financial statements of its parent company, Citynet Holding, LLC, for the eight months ending September 1, 2003.

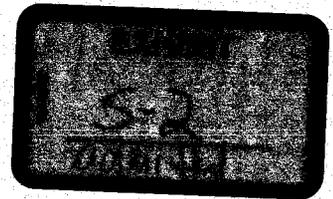
Staff also requests that recommendation eleven on page eleven be changed to read:

- 11. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's name, address or telephone number;

EGJ/AJL/rdp

Originator: Adam Lebrecht

Original and Thirteen copies



NEW APPLICATION

COPY

ARIZONA CORPORATION COMMISSION

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Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services

2003 AUG -7 A 8:44

Mail original plus 13 copies of completed application to: For Docket Control Only:

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DOCUMENT CONTROL

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

AUG 07 2003

DOCKETED BY *CK*

Please indicate if you have current applications pending in Arizona as an Interexchange reseller, AOS provider, or as the provider of other telecommunication services.

T-04201A-03-0552

Type of Service: _____

Docket No.: _____ Date: _____

Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____

Date Docketed: _____

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A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
- Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- Alternative Operator Services Telecommunications Services (Answer Sections A, B)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

CITYNET ARIZONA, LLC	WWW.CITYNET.NET
343 N FRONT STREET, SUITE 400	614-827-7000
COLUMBUS, OH 43215	614-827-7010

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

N/A

EXHIBIT
A-1
admitted

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
Page 78
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
Beginning at page 47.
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
Page 15
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
Page 30
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).
Page 87

(A-10) Indicate the geographic market to be served:

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

N/A

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

N/A

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

N/A

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

We are waiting to be advised by the Hearing Division.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

Yes

No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

We have a switch, but we would like to be able to resell services if a customer wishes us to.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

Currently, we have filed in OH, WV, IL, IN, PA, KY, TN, and TX as Citynet Ohio, LLC; Citynet WV, LLC; etc. Applications are pending in all states.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

Applications are pending in all states.

Please see Attachment 1 for key personnel.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

N/A

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

Yes

No

If "No," explain why and give the date on which the Applicant began operations.

We are a start-up company. Our corporation was formed 2-10-03.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.

4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

NO.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.

\$100,000

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

\$960,000

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

\$4,000,000

4. If the projected value of all assets is zero, please specifically state this in your response.

N/A

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

They are the same.

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

Yes

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

October 1, 2003

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- Decision # 64178 Resold Long Distance
- Decision # 64178 Resold LEC
- Decision # 64178 Facilities Based Long Distance
- Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number ~~59241~~ **59421**

- Yes No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

- Yes No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

- Yes No

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Duane C Bennett
(Signature of Authorized Representative)

July 25, 2003
(Date)

Duane C. Bennett
(Print Name of Authorized Representative)

Chief Operating Officer
(Title)

SUBSCRIBED AND SWORN to before me this 25th day of July, 2003



LYNN COSTELLO
Notary Public, State of Ohio
My Commission Expires 8/24/2004
Lynn Costello
NOTARY PUBLIC

My Commission Expires Aug. 24, 2004

A-8.1

Certificate of Good Standing as foreign LLC following.

A-8.2 & A-8.3

Citynet Holdings, LLC is owned 80% by Citynet LLC (James R. J. Martin II is 100% owner) and 20% owned by Jim Hyland.

A-9

Citynet Arizona, LLC tariff following.

B-2

Citynet Arizona, LLC feels our financials are proprietary information and will be released only pursuant to a protective agreement. Please contact Steven P. Hershey (215.851.8421) to form this agreement.

Biographies of Citynet Managerial Employees

James Martin, *President and CEO*

James Martin founded MarCom, one of CityNet's predecessors, in 1994 and quickly built it into one of West Virginia's largest web development companies. He continued as CEO when the company was absorbed by the state's largest Internet Service Provider and consolidated under the CityNet name. Martin earned a BS degree from West Virginia University in computer programming and started his first technology company while still in college. Shortly after the introduction of the World Wide Web, he purchased the rights to key Internet domain names including westvirginia.com and wvonline.com, and subsequently established MarCom as the state's leading web developer. He developed the state's first electronic commerce applications and forged a strong and lasting alliance with the West Virginia government and tourism industry, a core business constituency, which was among the first to adopt the Internet as an engine of economic growth.

Duane C. Bennett, *Chief Operating Officer*

Duane Bennett serves as the Chief Operating Officer for the CityNet CLEC operation. He has over 33 years of experience in the telecommunications industry. During that time he has worked in both the private and public sector. His private sector work includes such companies such as Western Electric, Bell Labs, GTE, IT&T and Qwest (LCI). Public sector administrative experience includes The Ohio State University and Florida State University, where he also taught Telecommunications classes in the College of Communication. His experience in the CLEC industry includes positions such as Vice President of Engineering for CoreComm, as well as General Manager of the Columbus, Ohio operation of Adelpia Business Solutions. He has held numerous positions in state telecommunications and industrial organizations. He holds degrees from Ohio University and Florida State University.

John S. Carey, *Vice President-Sales*

John Carey has over 23 years in the telecommunications industry. As a strategic and hands-on executive, Carey is an expert in building and revitalizing organizational infrastructure, operational processes, and sales/marketing strategies to optimize business performance. Prior to joining CityNet, Carey was General Manager at Adelpia Business Solutions. He led a multifunctional team responsible for the design, engineering, construction, hiring, and start-up of Adelpia's operations in the Greater Cincinnati market. Carey also had the additional responsibilities as the executive interface for Adelpia Business Solutions and Adelpia Communications to The Cleveland Clinic. John previously was Sales Vice President for Cincinnati Bell Telephone, where he coached a team of 65 Sales and Sales Support Professionals that provided total, integrated communications solutions to clients of Cincinnati Bell Telephone. He earned his Bachelors of Arts degree in Communications-Marketing from Xavier University in 1979. He has participated in numerous professional development programs including logistics management from Michigan State University, information movement and management from M.I.T. and The Duke University Advanced Management Program.

Michael R. Hoban, *Vice President Networking*

Michael Hoban serves as CityNet's Vice President of Networking. A recognized expert in international telecommunications for over 20 years, he has held a wide variety of positions in telecommunications and has worked extensively in over 100 countries around the world. He has dealt on a daily basis with a great many local & international telecommunication companies, government regulatory entities and PTT's. Prior to joining CityNet, he was Vice President of Engineering for Dynege Europe Communications, with overall responsibility for network and technology development for their recently completed 14,000-kilometer pan-European and metropolitan fiber optic network. Earlier, he was the Director of Alternate Access for IDT, working from both its global headquarters in New Jersey and its European headquarters office in London. Prior to that, he served as In-Country Director of Engineering for Eastern Europe and Central Asia for Metromedia. His responsibilities included the construction and maintenance of all of Metromedia's communications joint ventures in Eastern Europe and Central Asia, including GSM, cable television, computer networks, international satellite telephony and data networks, wireless local loops and paging operations. He was earlier a co-founder and Vice President of Engineering for DTV, the direct broadcast television venture focused on the emerging markets of Eastern Europe.

Andrew T. Robinson, *Director of Metropolitan Networks*

Andrew is a seasoned professional with broad based experience in Telecomm/CATV Design & Management gained over 25 years in the UK, Europe and New Zealand. Andrew was with Dynege Communications as Director, Engineering Hardware Development where he developed the network ATM/IP hardware to carry broadband services. Andrew also worked with Dynege in his previous role as a Senior Consultant with Equador Consulting, based in

London. While with Equador, he was retained as a consultant and the Technical Design Authority for a Central European Data company, a start up Telco deploying a voice over ATM/IP Network. Andrew was also used to develop Implementation and Operation plans for Telco / Data services. Andrew also delivered Architectures and Deployment Plans. As part of the Equador team, he modified several Business Plans. Andrew has been part of several Due Diligence teams. Andrew's previous role was with Telecom New Zealand as the Platform and Service Capability Manager within the Network Strategy and Architecture Team. There he was responsible for existing platforms and the development of future preferred platforms (this covered Mobile, PSTN, ATM/ADSL, existing Data & IP, IN services and Paging). Before moving Down Under, Andrew was a Senior Strategic Planner for the Cable Corporation, UK with responsibility for Trunk Fiber and Local Fiber Design. Prior to this, Andrew had left the role of Capacity Planning Manager, City of London, with British Telecom where he'd been employed in a variety of planning posts including a brief stint overseas in Kenya

Attachment A.

Certificate of good standing

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, James G. Jayne, Interim Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****CITYNET ARIZONA, LLC*****

a foreign limited liability company organized under the laws of the jurisdiction of Delaware did obtain a Certificate of Registration in Arizona on the 18th day of February 2003.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company has not had its Certificate of Registration revoked for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed a Certificate of Cancellation as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 30th Day of July, 2003, A. D.



Interim Executive Secretary

By

Attachment B.

Tariff

TITLE SHEET

EXCHANGE SERVICES TARIFF

Descriptions, Regulations, Rates and Charges applicable to services furnished by Citynet Arizona, LLC ("Citynet" or "Company"), including dedicated line and message services and switched exchange services for locations served to and from points in the State of Arizona.

Issued: _____

Effective: _____

Filed under authority by Order of the Arizona Public Service Commission in Case No. _____

James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

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Columbus, OH 43215

EXPLANATION OF SYMBOLS

All tariffs or revisions, stating changes in any provision, shall use the following codes:

- (I) Indicates an increase in rates.
- (D) Indicates a decrease in rates.
- (N) Indicates new rates or regulations.
- (O) Indicates omissions.
- (C) Indicates a change in text or regulations.
- (T) Indicates temporary rates and/or surcharges.

All of the foregoing shall be accompanied by explanatory footnotes.

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343 North Front Street
Columbus, OH 43215

APPLICATION OF TARIFF

This tariff applies to service offerings provided by Citynet Arizona, LLC.

With respect to local service, the Company provides service to customers in those areas served by a facilities-based carrier with which the Company has executed an interconnection agreement.

The Company intends to offer both facilities-based and resold service throughout the State of Arizona where it has an approved Interconnection Agreement.

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

1. DEFINITIONS

For the purpose of this tariff, the following definitions will apply:

Access Services: The Company's intrastate telephone services offered pursuant to this tariff.

Access Service Request ("ASR"): The written request for access services executed by the Customer and the Company in the format devised by the Company. The signing of an ASR by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date. Should a Customer use the Company's access service without an executed ASR, the Company will then request the Customer to submit one.

Account Codes: For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment: Part or all of a payment required for special construction before the start of service.

Association Customer: An organized group of individual customers with which Company reaches agreement to provide service to both the association and its members.

Authorized User: The term, authorized user, denotes a person, firm or corporation who is authorized by the customer to utilize the Company.

Automatic Number Identification ("ANI"): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

Basic Local Exchange Services: Means the end user and carrier access to and usage of telephone Company-provided facilities that enable customers, over a local exchange telephone company network operated within a local service area, to originate and receive voice grade, data, or image communications and to access interexchange or other networks. Resellers and/or rebillers of basic local exchange service are local exchange carriers since they provide basic local exchange services consistent with this definition.

Bit: The smallest unit of information in the binary system of notation.

Business Line: A communication service provided by a telephone operating company which allows a subscriber of Company access to the telephone dial network.

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

1. DEFINITIONS (cont'd)

Central Office End: The term "Central Office End" denotes that end of a foreign exchange channel at which subscriber has a dial access to a telephone company central office.

Channel: The term "Channel" denotes a path for electrical transmission between two or more points, the path having a bandwidth and termination of subscriber's own choosing.

Closed End: The term "Closed End" refers to the termination point where the Dedicated Access Line described in Section 3.2 hereof is located.

Communications Services: The Company's intrastate toll and local exchange telephone services offered for both intraLATA and interLATA use.

Company: Citynet Arizona, LLC, also referred to as "Citynet".

Customer or Subscriber: The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Daytime: The term "Daytime" denotes 8:00 a.m. to, but not including, 5:00 p.m. local time at the originating terminal on Monday through Friday, excluding Company recognized national holidays.

Dedicated: A facility or equipment system or subsystem set aside for the sole use of a specific customer.

Deposit: Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

Designation Location: The term "Designation Location" or "Location" refers to a terminal device (e.g., handset, PBX, facsimile machine, having a unique telephone number, and to which the subscriber represents to the Company that subscriber has a regular and continuing requirement for communications which are related directly to the business of the subscriber at the designated location (e.g., including but not limited to: affiliates, subsidiaries, subcontractors, suppliers, customers, and other regular business contracts).

Dial Pulse ("DP"): The pulse type employed by rotary dial station sets.

Direct Inward Dial ("DID"): A service attribute that routes incoming calls directly to stations, by-passing a central answering point.

Direct Outward Dial ("DOD"): A service attribute that allows individual station users to access and dial outside numbers directly.

Distant City: The term "Distant City" refers to a Company termination point opposite a Closed End.

Dual Tone Multi-Frequency ("DTMF"): The pulse type employed by tone dial station sets.

Duplex Service: Service which provides for simultaneous transmission in both directions.

Issued: _____

Effective: _____

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

1. DEFINITIONS (cont'd)

End Office: With respect to each NPA-NXX code prefix assigned to the Company, the location of the Company's "end office" for purposes of this tariff shall be the point of interconnection associated with that NPA-NXX code in the Local Exchange Routing Guide ("LERG"), issued by Bellcore.

Evening: The term "Evening" denotes 5:00 p.m. but not including 11:00 p.m. local time at the originating terminal on Sunday through Friday and anytime on Company recognized national holidays except when a lower rate would normally apply.

Exchange: Means a geographical service area established by an incumbent local exchange carrier and approved by the Commission, which usually embraces a city, town, or village and a designated surrounding or adjacent area. It typically encompasses one or more central offices, together with the associated plant used in furnishing telecommunications service to the general public. There are currently 748 exchanges in the state.

Exchange Area: The term "Exchange Area" denotes a geographically defined area wherein the telephone industry through the use of maps or legal descriptions sets down specified areas where individual telephone companies hold themselves out to provide communications service.

Exchange Telephone Company or Telephone Company: Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engaged in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Citynet Arizona, LLC: Citynet Arizona, LLC, the issuer of this tariff, also referred to as "Company".

Foreign Exchange Service ("FX"): The term "Foreign Exchange Service" (FX) provides subscribers with the capability of local dialing in a remote exchange via private line service.

General Access Port ("GAP"): The term "General Access Port" (GAP) denotes an entrance or exit device on a switching machine which provides a means of connection between that switching machine and a termination point of the service.

Hearing Impaired: Those persons with communication impairments, including those hearing impaired, deaf, deaf/blind, and speech impaired persons who have an impairment that prevents them from communicating over the telephone without the aid of a telecommunications device for the deaf.

Holidays: Company recognized national holidays are New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

Issued: _____

Effective: _____

Filed under authority by Order of the Arizona Public Service Commission in Case No. _____

James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

1. DEFINITIONS (cont'd)

In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Intercity Mileage: The term "Intercity Mileage" denotes the mileage, measured as the shortest distance between any two of the carrier's network terminal offices using the Telephone Industry Standard Rate Centers ("V" & "H") associated with the said carrier's offices.

Inward WATS Extension Service: The term "Inward WATS Extension Service" refers to an incoming service offered to customers who elect to have all of their calls routed to a specific number. Customers can select any previously unused seven digit number in place of an access code, and Company will route their calls to the dedicated phone number provided by the number in his application for Inward WATS Extension Service. (The dedicated number is supplied to the customer by his local exchange company).

IXC or Interexchange Carrier: A long distance telecommunications services provider.

Kbps: Kilobits per second, denotes thousands of bits per second.

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

Local Calling Area: Unless otherwise specified, local calling area for the Company shall be the same as the local calling area established by the LEC in the area where service is being provided.

Local Exchange Carrier ("LEC"): Means any facilities-based and nonfacilities-based, ILECs and NECs which provide basic local exchange services to consumers on a common carrier basis. Such term does not include and entity insofar as such entity is engaged in the provision of a commercial mobile service under Section 47 U.S.C. 332(C., except to the extent that the FCC finds that such service should be included in the definition of such term.

Local Interconnection Trunking Service: A local circuit administration point, other than a cross-connect or an information outlet, that provides capability for routing and re-routing circuits.

Mbps: Megabits, denotes millions of bits per second.

Minimum Point of Presence ("MPOP"): The main telephone closet in the Customer's building.

Monthly Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Multi-Frequency or ("MF"): An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems.

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1. DEFINITIONS (cont'd)

Nighttime: The term "Nighttime" denotes 11:00 p.m. to but not including 8:00 a.m. local time at the originating terminal Monday through Friday, anytime on Saturday, and all day Sunday except 5:00 p.m. to 11:00 p.m.

Nonfacilities-Based Local Exchange Carrier: Any person, firm, copartnership, voluntary association, joint-stock association, company, or corporation that does not own, operate, manage, or control plant or equipment but that is in the business of reselling basic local exchange service to consumers on a common carrier basis.

Non-Proprietary Calling Card: Refers to a calling card or travel card which can be billed by any carrier and used on any network, such as an Ameritech card issued in conjunction with local services; as opposed to a card issued by an IXC which can only be used on that carrier's network and billed by that carrier.

Non-Recurring Charge ("NRC"): The initial charge, usually assessed on a one-time basis, to initiate and establish service.

Normal Work Hours: The term "Normal Work Hours" denotes the time after 8:00 a.m. and before 5:00 p.m. Monday through Friday excluding Company recognized holidays.

("NPA"): Numbering plan area or area code.

Off-Net: A means for carrying traffic to or from the Customer's premises, where the Company leases Other Telephone Company's facilities to deliver traffic to Customer location. (Off-Net traffic consists of all traffic that is not considered to be On-Net traffic.)

On-Net: A means for carrying traffic to or from the Customer's premises, where the Company connects to the MPOP in a Customer building or on a Customer's premises using only Company-owned fiber. On-Net traffic is delivered to Customer exclusively over facilities of the Company.

Operator Dialed Charge: The end user places the call without dialing the destination number, although the capability to do it himself exists. The end user will dial "0" for local calls and "00" for long distance calls and then requests the operator to dial the called station.

Operator Services: Operator Handled Calling Services are provided to Customers and Users of Company-provided Exchange Services.

Other Common Carrier ("OCC"): The term "Other Common Carrier" denotes a specialized or other type of common carrier authorized by the Federal Communications Commission to provide domestic or international communications service.

Other Telephone Company: An Exchange Telephone Company, other than the Company.

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1. DEFINITIONS (cont'd)

PBX: Private Branch Exchange

Person-to-Person: Calls completed with the assistance of a Company operator to a particular person, station, department, or PBX extension specified by the calling party. Charges may be billed to the Customer's commercial credit card and/or LEC calling card, called station, or a designated third-party station.

Point of Presence ("POP"): Point of Presence

Premises: The term "Premises" denotes a building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

Rapid-Dial: The term "Rapid-Dial" refers to a dial-up service option where Company supplies or arranges for the supply of a network accessing dialer so that a customer dials all phone numbers as if the Company network were not to be involved.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Regular Billing: The term "Regular Billing" denotes a standard bill sent in the normal monthly Company billing cycle. This billing consists of one bill for each account assigned to the customer with explanatory detail showing the derivation of the charges.

Resp. Org.: "Resp. Org." is the responsible organization designated by the customer as the long distance carrier it wishes to have control any 800 number to which the customer is entitled.

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Shared Inbound Calls: Refers to calls that are terminated via the Customer's Company-provided local exchange line.

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1. DEFINITIONS (cont'd)

Shared Outbound Calls: Refers to calls in Feature Group (FGD) exchanges whereby the Customer's local telephone lines are presubscribed by the Company to the Company's outbound service such that "1 + 10-digit number" calls are automatically routed to the Company's or an IXC's network. Calls to stations within the Customer's LATA may be placed by dialing "10XXX" or "101XXXX" with 1 + 10-digit number."

Special Billing Arrangement: The term "Special Billing Arrangement" denotes an arrangement under which Company will at the request of a customer, provide additional billing functions such as separate breakdowns of overall total billing into sub-bills to facilitate customer's internal accounting procedures.

Station-to-Station: Refers to calls other than person-to-person calls billed to either the end user's commercial credit card and/or non-proprietary calling card. Calls may be dialed with or without the assistance of a Company operator. Collect calls to coin telephones and transfers of charges to third telephones which are coin telephones will not be accepted.

Subscriber End: The term "Subscriber End" denotes that end of a foreign exchange channel at which a customer is connected by a local distribution facility to Company's network terminal office.

Subscriber Terminal: The term "Subscriber Terminal" denotes the termination of the Company, DAL at the customer's premises.

Switch: The term "Switch" denotes an electronic device which is used to provide circuit sharing, routing, and control.

Tandem: A class 4 switch facility to which NPA and NXX codes are subtended.

Third Number Billing: Calls where the person originating the call specifies to a telephone company operator to bill the call to an authorized station, as determined by the Telephone Company, other than the station originating the call, or the station where the call is terminated.

Three-Way Calling: Allows a station line user to add a third party to an existing conversation.

Time Charges: As an add-on service to the operator, time and charges for the call will be provided to the caller when the called party disconnects.

Traditional Operator Services: Traditional Operator Services are those services provided by the carrier in which the end user has a customer relationship with the carrier, contracts with the customer/end user to provide the services, and the customer/end user pays for the actual processing of the operator assisted calls.

Transparent Access: As used by Company, transparent access means that users access the Company network as they would AT&T with 1+ Area Code and number called only, omitting both the access and security code numbers in their manual dialing routine.

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1. DEFINITIONS (cont'd)

Travel Access: Travel Access to the Company network can be utilized whenever a customer is at a location that cannot access a Company switch site on a toll free basis. Company Travel Access feature uses interconnect agreements and 800 lines to access the Company network from any of the lower 48 states, Puerto Rico, and/or the Virgin Islands.

Travel Access utilization is exactly the same as local network utilization with respect to procedures. Rates for Travel Access service vary from dial-up service only in the per minute rate. (See Section 3.5). Usage charges for Travel Access are rounded to the next highest minute.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

Universal Termination WATS (UTW): This is a Company service offering where customers pay one rate per minute per call, regardless of the distance being called. UTW billing is not mileage sensitive but all other Dial-Up regulations apply.

Usage Based Charges: Charges for minutes or messages traversing over local exchange facilities.

User or End User: A Customer, Joint User, or any other person authorize by a Customer to use service provided under this tariff.

Zero Negative ("0-"): The Customer dials only "0" and all additional network functions are performed by the operator.

Zero Plus Mechanized ("0+"): Operator assistance utilizing a machine instead of a live operator. Interaction requires the caller to use a touch tone telephone.

Zero Plus Time Out ("0+"): A "0+" mechanized feature that allows people without a touch tone telephone to revert to a live operator.

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2. RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company is a local facilities-based and reseller providing both interexchange and intraexchange telecommunications service for transmission of voice, data, facsimile, and special service on a switched and dedicated basis. Company will provide technical assistance to Customers to assist in meeting the Customer's requirements for both interexchange and local communications service.

The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own Customers.

2.1.2 Shortage of Equipment or Facilities

The furnishing of service under this tariff is subject to the availability of facilities the Company must obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.3 Terms and Conditions

- A. Service is provided on the basis of a minimum period of at least six months, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have thirty (30) days.
- B. Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- C. Except as otherwise stated in the tariff, at the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon thirty (30) days written notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- D. Service may be terminated upon written notice to the Customer if:
 - 1) the Customer is using the service in violation of this tariff; or
 - 2) the Customer is using the service in violation of the law.
- E. This tariff shall be interpreted and governed by the laws of the State of Arizona without regard for its choice of laws provision.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.3 Terms and Conditions (cont'd)

- F. Any Other Telephone Company may not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.
- G. To the extent that either the Company or any Other Telephone Company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its' Customers. At the reasonable request of either party, the Company and the Other Telephone Company shall jointly attempt to obtain from the owner of the property access for the other party to serve a person or entity.
- H. The Company hereby reserves its rights to establish service packages specific to a particular Customer. These contracts may or may not be associated with volume and/or term discounts.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability

- A. Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representatives, or use of these services or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7.
- B. Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- C. The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed, and will include such interest as might be required by Commission rules.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability (cont'd)

D. The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense due to:

- 1) Any act or omission of: (A. the Customer, (B. any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (C. common carriers or warehousemen, except as contracted by the Company;
- 2) Any unlawful or unauthorized use of the Company's facilities and services;
- 3) Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the material transmitted by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services;

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability (cont'd)

D. (cont'd)

- 4) Breach in the privacy or security of communications transmitted over the Company's facilities;
- 5) Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company's liability is limited as set forth in paragraph (A. of this Subsection 2.1.4.
- 6) Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;
- 7) Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
- 8) Any noncompletion of calls due to network busy conditions;
- 9) Any calls not actually attempted to be completed during any period that service is unavailable; and
- 10) Any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's services or facilities.

E. The Company's liability for any service or performance failure caused by an Act of God, civil commotion, strike, lockout, work stoppage or other labor difficulty; or any terrorist activity or other criminal acts; shall be governed by the Commission's rules and regulations.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability (cont'd)

- E. The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.
- F. The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.
- G. Failure by the Company to assert its rights pursuant to one provision of this tariff does not preclude the Company from asserting its rights under other provisions.
- H. Approval of the above tariff language by the Arizona Public Service Commission does not constitute a determination by the Commission that the limitation of liability imposed by the Carrier should be upheld in a court of law. Approval by the Commission merely recognizes that since it is a court's responsibility to adjudicate negligence and consequent damage claims, it is also the court's responsibility to determine the validity of the exculpatory clause.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

2.1.6 Provision of Equipment and Facilities

- A. The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not nor may the Customer permit others to rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- B. The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- C. Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the equipment is provided.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.6 Provision of Equipment and Facilities (cont'd)

- D. Except as otherwise indicated, Customer provided station equipment at the Customer's premises for use in connection with this service shall be so constructed, maintained and operated as to work satisfactorily with the facilities of the Company.
- E. The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
- 1) the through transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
 - 2) the reception of signals by Customer-provided equipment; and
 - 3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is construction undertaken:

- 1) where facilities other than cable pairs are not presently available, and there is no other requirement for the facilities so constructed;
- 2) of a type other than that which the Company would normally utilize in the furnishing of its services;
- 3) over a route other than that which the Company would normally utilize in the furnishing of its services;
- 4) in a quantity greater than that which the Company would normally construct;

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.8 Special Construction (cont'd)

- 5) on an expedited basis;
- 6) on a temporary basis until permanent facilities are available;
- 7) involving abnormal costs; and
- 8) in advance of its normal construction.

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its partners, agents, contractors or suppliers.

2.2 Prohibited Uses

- A. The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- B. The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws.

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2. RULES AND REGULATIONS (cont'd)

2.2 Prohibited Uses (cont'd)

- C. The Company may block any signals being transmitted over its Network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked Service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.
- D. A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- 1) the payment of all applicable charges pursuant to this tariff;
- 2) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;

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2. RULES AND REGULATIONS (cont'd)

2.3 Obligations of the Customer (cont'd)

2.3.1 General (cont'd)

- 3) providing at no charge, as specified from time to time by the Company, any needed equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- 4) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Communications Services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.3.1(C). Any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.
- 5) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;

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2. RULES AND REGULATIONS (cont'd)

2.3 Obligations of the Customer (cont'd)

2.3.1 General (cont'd)

- 6) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- 7) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities;
- 8) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes; and
- 9) Company shall be indemnified and held harmless by the customer against claims of libel, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over the channels, against claims for infringement of patents arising from, combining with, or using in connection with, service furnished by Company apparatus and systems of the customer in connection with the service provided by Company.

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2. RULES AND REGULATIONS (cont'd)

2.3 Obligations of the Customer (cont'd)

2.3.2 Liability of the Customer

- A. The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- B. To the extent caused by any negligent or intentional act of the Customer as described in (A., preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- C. The Customer shall not assert any claim against any other Customer or user of the Company's services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.

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2. RULES AND REGULATIONS (cont'd)

2.4 Customer Equipment and Channels

2.4.1 General

A user may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

- A. Terminal equipment on the user's premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the user. The user is responsible for the provision of wiring or cable to connect its terminal equipment to the Company MPOP.
- B. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

2. RULES AND REGULATIONS (cont'd)

2.5 Customer Deposits and Advance Payments

2.5.1 Advance Payments

The Company may require a Customer to make an advance payment for special construction before a specific service or facility is furnished. In general, the advance payment will not exceed an amount equal to the non-recurring charge(s) for special construction for the service or facility. The advance payment will be credited to the Customer's initial bill.

2.5.2 Deposits

- A. To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit may be required if the customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. All deposit amounts, refunds and interest payments will comply with the Arizona Public Service Commission Rules and Regulations governing telephone utilities.
- B. A deposit may be required in addition to an advance payment.

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2. RULES AND REGULATIONS (cont'd)

2.5 Customer Deposits and Advance Payments (cont'd)

2.5.3 Application for Service

Company will require a customer to sign an application form furnished by Company and to establish his credit as provided in these Regulations, as a condition precedent to the initial establishment for such service. Company's acceptance of an order for service to be provided to an applicant whose credit has not been duly established to the sole and exclusive satisfaction of Company, may be subject to the provisions as described in Section 2.5.2. This application shall state the date on which service is to begin and the points between which service is to be provided, the type of facilities required, and any special arrangements related thereto. Company will also require a signed authorization from a customer for additions to or changes in the existing service of such customer.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements

2.6.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

A. Taxes

The Customer is responsible for the payment of all state, local and 9-1-1 taxes, surcharges, utility fees, or other similar fees for which the end user is directly responsible and that may be levied by a governing body or bodies in conjunction with or as a result of a service furnished under a tariff on file with the Commission. These charges may appear as separate line items on the Customer's bill, as opposed to being included in the rates contained in a tariff. Any such line item charges will be reflected in the Company's tariff. The Company shall not assess separately any taxes, fees or surcharges, other than government-approved sales taxes imposed directly on the end users, without seeking Commission approval under the appropriate local competition procedures required by the Commission. The Company shall comply with Commission procedures by sending notice to all Customers informing them of the new line item charges.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other users for services and facilities furnished to the Customer by the Company. Customer bills will be rendered monthly and will comply with all applicable requirements.

- A. Non-recurring charges are due and payable within thirty (30) days after the date the invoice is mailed to the Customer by the Company.
- B. The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and recurring charges shall be due and payable within thirty (30) days after the date the invoice is mailed to the Customer by the Company. When billing is based upon Customer usage, usage charges will be billed monthly for the preceding billing period.
- C. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.2 Billing and Collection of Charges (cont'd)

- D. Billing of the Customer by the Company will begin on the Service Commencement Date, which is the day on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- E. If any portion of the payment is received by the Company after the date due, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, then a late payment penalty shall be due to the Company. A late payment charge of 1.5% per month, for bills not paid within 30 days of receipt, is not applicable to subsequent rebilling of any amount to which a late payment charge has already been applied. Late payment charges are to be applied without discrimination.
- F. The Customer should notify the Company of any disputed items on an invoice as soon as possible. Customers desiring to contact the Company may write the Company or call its toll-free Customer Care Center:

Citynet Arizona, LLC
343 North Front Street, Suite 400
Columbus, OH 43215
1-800-903-8906

If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Commission in accordance with the Commission's rules of procedure.

- G. If service is disconnected by the Company (in accordance with Section 2.6.3 following, and later re-installed, re-installation of service will be subject to all applicable installation charges. If service is suspended by the Company (in accordance with Section 2.6.3 following, and later restored, restoration of service will be subject to all applicable installation charges.
- H. Any denial or disconnection of local or toll service by the Company shall comply with all applicable Commission requirements. Local service may only be disconnected for subscriber non-payment of charges for local service regulated by the Arizona Public Service Commission.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.3 Discontinuance of Service for Cause

- A. Upon nonpayment of any amounts owing to the Company, the Company may, by giving ten (10) days prior written notice to the Customer, discontinue or suspend service without incurring any liability.
- B. Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving ten (10) days prior written notice to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- C. Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- D. Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.3 Discontinuance of Service for Cause (cont'd)

- E. Upon any governmental prohibition or governmental required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- F. In the event of fraudulent use of the Company's network, the Company may without notice suspend or discontinue service. The Customer will be liable for all related costs. The Customer will also be responsible for payment of any reconnection charges.
- G. Upon the Company's discontinuance of service to the Customer under Section 2.6.3(A. or 2.6.3(B., the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).
- H. The Customer is responsible for providing adequate access lines to enable the Company to terminate all 800 Service calls to the Customer's telephone equipment. Should the Customer have insufficient access lines on which to terminate 800 Service calls, the Company reserves the right to request the Customer to add additional lines for call terminations. If, after ninety (90) days, the Customer has not made the requested change, the Company, without incurring any liability, reserves the right to terminate the Customer's 800 Service, with thirty (30) days written notice.

Company will comply with all applicable disconnection requirements.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.4 Notice to Company for Cancellation of Service

Customers receiving special contract service and desiring to terminate such service shall provide the Company thirty (30) days written notice of termination.

2.6.5 Cancellation of Application for Service

When a Customer cancels an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below:

Where the Company has notified a Customer or prospective customer of the possibility that special expenses may be incurred in connection with provisioning their service, and then the Company does incur such expenses. Expenses could include special construction, or where special arrangements of facilities or equipment have begun before the Company received a cancellation notice. The charge will be equal to the costs actually incurred, less net salvage.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.6 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.6.7 Bad Check Charge

A charge will be assessed for all checks returned by drawee bank or other financial institution for: Insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

Bad check charges are listed in the Price List Section 9.6.9. The current charge is \$15.00.

2.6.8 Credit Worthiness

Service applicants may be required to establish credit worthiness in accordance with applicable regulations.

2.7 Allowances for Interruptions in Service

2.7.1 General

- A. A credit allowance will be given when service is interrupted, except as specified in Section 2.7.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- B. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- C. All credit allowances shall be in compliance with applicable requirements.

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2. RULES AND REGULATIONS (cont'd)

2.7 Allowances for Interruptions in Service (cont'd)

2.7.1 General (cont'd)

- C. If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- D. The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

2.7.2 Limitations of Allowances

No credit allowance will be made for any interruption in service which:

- 1) Occurs as a result of a negligent or willful act on the part of the Subscriber;
- 2) Occurs as a result of a malfunction of Subscriber-owned telephone equipment;
- 3) Occurs as a result of acts of God, military action, wars, insurrections, riots, or strikes; and
- 4) Extended by the Company's inability to gain access to the Subscriber's premises due to the Subscriber missing a repair appointment.

All adjustments will be made in accordance with the Commission requirement set forth in Section 4901:1-5-18, O.A.C.

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2. RULES AND REGULATIONS (cont'd)

2.7 Allowances for Interruptions in Service (cont'd)

2.7.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

2.7.4 Application of Credits for Interruptions in Service

Credits for interruptions in service shall be provided in accordance with the Commission requirement set forth in Section 4901:1-5-18, O.A.C.

2.7.5 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of eight (8) hours or more or cumulative service credits equaling sixteen (16) hours in a continuous twelve (12) month period. The right to cancel service under this provision applies only to the single circuit which has been subject to the outage or cumulative service credits.

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2. RULES AND REGULATIONS (cont'd)

2.8 Cancellation of Service/Termination Liability

If a Customer cancels a service order or terminates services before the completion of the term for any reason other than a service interruption (as defined in Section 2.7.1) or where the Company breaches the terms in the service contract, Customer may be requested by the Company to pay to Company termination liability charges, which are defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2.6.2.

2.8.1 Termination Liability

Customer's termination liability for cancellation of service shall be equal to:

- 1) All unpaid non-recurring charges reasonably expended by Company to establish service to Customer, plus;
- 2) Any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus;
- 3) All recurring charges specified in the applicable Service Order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation; and
- 4) Minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

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2. RULES AND REGULATIONS (cont'd)

2.9 Customer Liability for Unauthorized Use of the Network

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains the Company's services provided under this tariff.

2.9.1 Customer Liability for Fraud and Unauthorized Use of the Network

- A. The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.
- B. A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer's account. An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.
- C. The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss, and/or theft.
- D. The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

The liability of the Customer for unauthorized use of the Network by credit card fraud will not exceed the lesser of fifty dollars (\$50.00) or the amount of money, property, labor, or services obtained by the unauthorized user before notification to the Company.

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2. RULES AND REGULATIONS (cont'd)

2.10 RESERVED FOR FUTURE USE

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2. RULES AND REGULATIONS (cont'd)

2.11 Notices and Communications

- A. The Customer shall designate on the service order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- B. The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- C. Except as otherwise stated in this tariff, all notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- D. The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

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2. RULES AND REGULATIONS (cont'd)

2.12 RESERVED FOR FUTURE USE

2.13 Trouble Shooting at Customer's Premises

A trouble shooting charge is levied to cover the cost to Company, of a visit to the customer's premises to determine what equipment is the cause of a malfunction. This charge applies in cases where Company identifies the trouble to be caused by customer-provided equipment, and is unrelated to any malfunction of Company's service. The charge applies from the time Company personnel are dispatched until the problem is identified.

A charge also applies when the local telephone company at Company's request, makes the trouble shooting visit to customer's premises and determines that the trouble is caused by customer-provided equipment. The customer will be billed directly by the local telephone company.

The customer may also be responsible for any charges when Company, acting as the customer's agent, requests that the vendor of the customer-provided equipment make a trouble shooting visit of the customer-provided equipment.

The rates applicable shall be those identified in Price List Section 6.1.1.

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2. RULES AND REGULATIONS (cont'd)

2.14 Service Rearrangements

- A. Any customer wishing to change the type of service arrangement provided is required to give the Company at least 45 days written notice. Such changes will only be effected on the first day of a monthly billing period.
- B. When, at the customer's request, the Company changes the customer's service type or operation mode and these changes require any facility or termination rearrangements by the Company the normal installation charge(s) for that which is rearranged will apply unless a specific charge exists elsewhere in this tariff.
- C. When the local access line and/or associated equipment is moved or rearranged at the customer's request, the normal local access line installation charges will apply.
- D. When the customer requests changes, additions, or deletions to optional features, the normal installation charge for the changed optional feature will apply.
- E. Change of Resp. Org.: If a Customer accumulates more than \$1,000.00 of undisputed delinquent Company 800 Service charges, the Company Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

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3. EXCHANGE SERVICE

This Section describes the exchange services for which charges are applied. The actual charges are set forth in Section 9.

3.1 Connection Charges

3.1.1 General

The Connection Charge is a nonrecurring charge which applies to the ordering, installing, moving, changing, rearranging for furnishing telephone services and facilities. Any one or combination of all elements of the connection charges may apply, depending upon the customer's request.

The customer may request an estimate or a firm bid before ordering installation work to be done. When an estimate is provided, the estimate is not binding on the Company and the charge to be billed will be based on the actual time and materials charges incurred. When a firm bid is provided at customer request, the charge to be billed is the amount quoted to the customer for the work requested.

3.1.2 Exceptions to the Charge

- A. No charge applies for a change to a service for which a lower monthly rate applies, made within 90 days after any general rate increase, if a lower grade of service is offered in the customer's exchange.
- B. The Company may from time to time waive or reduce the charge as part of a promotion. See 4.3.

3.2 Service Order Charge

A service Order Charge applies per customer order, for all work or services ordered to be provided at one time, on the same premises, for the same customer.

Business

Minimum	\$10.00
Maximum	\$90.00

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3. EXCHANGE SERVICE (cont'd)

3.3 Reserved for Future Use

3.4 Restoral Charge

A Restoral Charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of service, as deemed in Section 1 of this Tariff.

Business

Minimum	\$ 5.00
Maximum	\$90.00

3.5 Moves, Adds and Changes

The Company alone may make changes in the location of its lines and equipment. When it is found that a move or change of such lines or equipment has been made by others, the Connection Charge for the underlying service will apply as if the work had been done by the Company.

The customer will be assessed a charge for any move, add or change of a Company service. Move, Add and Change are defined as follows:

Move: The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

Add: The addition of a vertical service to existing equipment and/or service at one location.

Change: Change - including rearrangement or reclassification - of existing service at the same location.

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3. EXCHANGE SERVICE (cont'd)

3.5 Moves, Adds and Changes (cont'd)

Charge Per:	<u>Move</u>	<u>Add</u>	<u>Change</u>
Minimum:	\$ 5.00	\$ 5.00	\$ 5.00
Maximum:	\$90.00	\$90.00	\$90.00

3.6 Premises Visit

3.6.1 Terms and Conditions

A Premises Visit Charge applies per customer order, for all work or services ordered to be provided at one time on the same premises, for the same customer. When more than one visit is required to complete the work as originally ordered, only one Premises Visit Charge applies. A Premises Visit Charge applies to each premises visited for the purpose of installation, removal, reconnection or changing of regulated facilities and to connect a line between different buildings on different premises, whether or not mileage charges are applicable to such lines.

	<u>Minimum</u>	<u>Maximum</u>
Per Hour Business:	\$10.00	\$50.00

3.6.2 Trouble Isolation Charge

When a visit to the customer's premises is necessary to isolate a problem reported to the Company but identified by the Company's technician as attributable to customer-provided equipment or inside wire, a separate charge applies in addition to all other charges for the visit.

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3. EXCHANGE SERVICE (cont'd)

3.7 Central Office Line Charge

A Central Office Line Charge applies to arranging (A. line(s) to provide service between the central office and the customer's premises.

Business

Minimum: \$ 5.00
Maximum: \$90.00

3.8 Primary Interexchange Carrier Change Charge

The customer will incur a charge each time there is a change in the long distance carrier associated with the customer's line after the initial installation of service.

Minimum: \$ 0.01
Maximum: \$ 5.00

3.9 Remote Call Forwarding Service

RCF is a service feature whereby all calls placed to an RCF customer's telephone number (the call forwarding location) are automatically forwarded by Company central office equipment to a designated terminating station of such RCF customer which is located in an exchange area of the Company or another telephone company. RCF is subject to the following regulations:

- 1) RCF service will be provided on any exchange service which can be direct inward dialed except semi-public and public telephone service;
- 2) The service is offered from central offices where the Company has arranged the facilities for RCF and is furnished subject to the availability of facilities;
- 3) One primary directory listing, as appropriate, will be provided without charge for the exchange in which the RCF central office is located;
- 4) Since the grade of transmission on calls which are remotely forwarded may vary, depending upon the location of the calling party in relation to the terminating station, the Company cannot guarantee transmission on forwarded calls;

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3. EXCHANGE SERVICE (cont'd)

3.9 Remote Call Forwarding Service (cont'd)

- 5) Each RCF feature allows for forwarding one call at a given time. An additional feature is necessary for each additional call to be forwarded simultaneously. The customer must subscribe to sufficient RCF features and facilities at the terminating station to adequately handle calls without impairing, disrupting or deteriorating services offered by the Company. In the event that the use of RCF causes such impairment, disruption or deterioration, the Company shall have the right to discontinue forthwith such service without prior notification to the customer; and
- 6) The Company will not provide identification of the originating telephone number to an RCF customer.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 25.00

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Columbus, OH 43215

4. SUPPLEMENTAL SERVICES

This Section describes supplemental services and charges associated with those services. Actual charges are set forth in Section 9.

4.1 Custom Calling Service

4.1.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases. Connection charges may apply when a customer requests connection to one or more custom calling features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

The Company may elect to offer a free or reduced rate trial of any new CLASS feature(s) to prospective customers within 90 days of the establishment of the new feature.

4.1.2 Description of Features

A. Three Way Calling/Call Hold

The Three Way Calling feature allows a customer to add a third party to an existing two-way call and form a three-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a customer to put any in-progress call on hold by flashing the switch-hook and dialing a code. This frees the line to allow the customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 10.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

B. Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another customer-specific line. The customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding. The calling party is billed for the call to the called number. If the forwarded leg of the call is chargeable, the customer with the Call Forwarding is billed for the forwarded leg of the call.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

Call Forwarding - Busy automatically reroutes an incoming call to a customer pre-designated number when the called number is busy.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

Call Forwarding - Don't Answer automatically reroutes an incoming call to a customer pre-designated number when the called number does not answer within the number of rings programmed by the Company.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

Call Forwarding - Variable allows the customer to choose to reroute incoming calls to another specified telephone number. The customer must activate and deactivate this feature.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

C. Call Waiting/Cancel Call Waiting

Call Waiting provides a tone signal to indicate to a customer already engaged in a telephone call that a second caller is attempting to dial in. It will also permit the customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting (CCW) allows a Call Waiting (CW) customer to disable CW for the duration of an outgoing telephone call. CCW is activated (i.e., CW is disabled) by dialing a special code prior to placing a call, and is automatically deactivated when the customer disconnects from the call.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

D. Distinctive Ringing

This feature enables a user to determine the source of an incoming call from a distinctive ring. The user is provided with up to two additional telephone numbers.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

E. Multiline Hunting

This feature is a line hunting arrangement that provides sequential search of available numbers within a multiline group.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$15.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

F. Speed Dialing

This feature allows a user to dial selected numbers using one or two digits. Up to eight numbers (single digit), or thirty numbers with two digits can be selected.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

G. Repeat Dialing

This feature will enable a customer to reach a called party whose number is busy without having to continually redial the telephone number. The busy number will automatically be dialed, for a 30 minute period, until it becomes available. The caller can make and receive calls during the 30 minute period that the busy number is being dialed. The caller will receive a special ring-back when both numbers are freed for use. The feature can also be used to recall a called party after the conversation has been terminated.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$10.00

H. Calling Party Number Blocking

Calling Party Number Blocking provides telephone customers with the capability to prevent the disclosure of the calling telephone number on calls made to an exchange service equipped with Caller ID and other Advanced Custom Calling services where the calling party number may be disclosed. Calling Party Number Blocking is available on a per-call basis for semi-public and public customers where facilities permit. Calling Party Number Blocking is available on a per-service basis. Per-call Calling Party Number Blocking is accomplished by the customer dialing an activation code (*67 for Touch-Tone and 1167 for rotary dial pulse, prior to placing each call for which blocking is desired.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

I. Anonymous Call Rejection

Anonymous Call Rejection (ACR) is a service that enables customers the ability to reject calls from parties who have a privacy feature that prevents the delivery of their calling number to the called party when the called party has Caller ID with Name. With ACR the called customer receives no alerting or ringing for a call that is rejected. The call is routed to a denial announcement and subsequently terminated. The calling party hears a denial announcement which indicates the calling party can retry their call after unblocking their number.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

J. Auto Call Back/Auto Redial

The Auto Call Back/Auto Redial feature allows a customer to automatically redial the last number dialed. this is accomplished by the customer activating a code. The network periodically tests the busy/free status of the called line for up to 30 minutes until both lines are found free and then redials the call for the customer.

The Automatic Redial feature also allows customers, having reached a busy number, to dial a code before hanging up. Automatic Redial feature then continues to try the busy number for up to 30 minutes until it becomes free. Once the busy line is free the call is automatically redialed and the customer is notified of the connected call via a distinctive ring.

The following types of calls cannot be Automatically Redialed:

- 1) Calls to 800 Service numbers;
- 2) Calls to 900 Service numbers;
- 3) Calls preceded by an interexchange carrier access code;
- 4) International Direct Distance Dialed calls;
- 5) Calls to Directory Assistance; and
- 6) Calls to 9-1-1.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

K. Call Return

The Automatic Recall stores the number of the most recent incoming call (including unanswered incoming calls) to a customer's number. This allows a customer to dial back any missed or unanswered telephone calls.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$10.00

L. Customer Originated Trace

Customer Originated Trace allows customers to key in a code that alerts the network to trace the last call received. The traced telephone number is automatically sent to the company for storage for a limited amount of time and is retrievable by legally constituted authorities upon proper request by them. By contacting the Company the customer can use this application to combat nuisance calls.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

M. Call Screening

This feature provides the customer with the ability to prevent repeated calls from an unwanted caller whose number may or may not be known. The customer receiving the call need only hang up and immediately dial the Call Screening access code which will deny the caller the ability to ring the customer's telephone. In addition, the customer has the ability to create a list of telephone numbers from which the customer may wish to not receive calls. Calls from these telephone numbers will be sent an appropriate announcement indicating that the call cannot be completed because the customer has activated Call Screening.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

N. Selective Call Screening

Selective Call Screening is an arrangement designed to restrict certain types of billing from a line which originates a call. The screening is designed to inform the operator services provider about special characteristics associated with the line. Under this arrangement, the operator services provider processes the operator-assisted and/or operator-handled and/or automated operator-assisted originating call so that call will conform to one of the allowable types of billing, which could be those which conform only to billing as collect, billed to a third number, or billed to a calling card.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

4.1.3 Rates and Charges

Monthly Rates for these services are located in Section 9 of this Tariff.

4.2 Reserved for Future Use

4.3 Service and Promotional Trials

4.3.1 General

The Company may establish temporary promotional programs wherein it may waive or reduce nonrecurring or recurring charges, to introduce a present or potential customer to a service not previously subscribed to by the customer.

4.3.2 Regulations

A. Appropriate notification of the Trial will be made to all eligible customers and to the Commission. Appropriate notification may include direct mail, bill inserts, broadcast or print media, direct contact or other comparable means of notification.

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4. SUPPLEMENTAL SERVICES (cont'd)

4.3 Service and Promotional Trials (cont'd)

4.3.2 Regulations (cont'd)

- B. During a Service Trial, the service(s) is(are) provided automatically to all eligible customers, except those customer who choose not to participate. Customers will be offered the opportunity to decline the trial service both in advance and during the trial. A customer can request that the designated service be removed at any time during the trial and not be billed a recurring charge for the period that the feature was in place. At the end of the trial, customers that do not contact the Company to indicate they wish to retain the service will be disconnected from the service at no charge.
- C. During a Promotional Trial, the service is provided to all eligible customers who ask to participate. Customers will be notified in advance of the opportunity to receive the service in the trial for free. A customer can request that the service be removed at any time during the trial and not be billed a recurring charge for the period that the service was in place. At the end of the trial, customers that do not contact the Company will be disconnected from the service.
- D. Customers can subscribe to any service listed as part of a Promotional Trial and not be billed the normal Connection Charge. The offering of this trial period option is limited in that a service may be tried only once per customer, per premises.
- E. The Company retains the right to limit the size and scope of a Promotional Trial.

4.4 Busy Verification and Interrupt Service

4.4.1 General

Upon request of a calling party, the Company will verify a busy condition on a called line. An operator will determine if the line is clear or in use and report to the calling party. In addition, the operator will intercept an existing call on the called line if the calling party indicates an emergency and requests interruption.

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4. SUPPLEMENTAL SERVICES (cont'd)

4.4 Busy Verification and Interrupt Service (cont'd)

4.4.2 Rate Application

A. A Verification Charge will apply when:

- 1) The operator verifies that the line is busy with a call in progress; or
- 2) The operator verifies that the line is available for incoming calls.

B. Both a Verification Charge and an Interrupt Charge will apply when the operator verifies that a called number is busy with a call in progress and the customer requests interruption. The operator will interrupt the call advising the called party of the name of the calling party and the called party will determine whether to accept the interrupt call. Charges will apply whether or not the called party accepts the interruption.

C. No charge will apply when the calling party advises that the call is from an official public emergency agency.

4.4.3 Rates

	<u>Minimum</u>	<u>Maximum</u>
Verification Charge, each request	\$ 0.01	\$ 5.00
Interrupt Charge, each request	\$ 0.01	\$ 5.00

4.5 Reserved for Future Use

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4. SUPPLEMENTAL SERVICES (cont'd)

4.6 Directory Assistance Service

4.6.1 General

A customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service. A customer can also receive assistance by writing the Company with a list of names and addresses for which telephone numbers are desired.

4.6.2 Regulations

A Directory Assistance Charge applies for each telephone number, area code and/or general information requested from the Directory Assistance operator except as follows:

- 1) Calls from coin telephones, including COCOTS;
- 2) Requests for telephone numbers of non-published service;
- 3) Requests in which the Directory Assistance operator provides an incorrect number. The customer must inform the Company of the error in order to receive credit; or
- 4) Requests from individuals with certified visual or physical handicaps in which the handicap prevents the use of a local directory. Individuals must be certified in accordance with the terms outlined under "Handicapped Person" in Section of this Tariff, up to a maximum of 50 requests per month.

4.6.3 Rates

Unless one of the exceptions listed above applies, the charges as shown below apply for each request made to the Directory Assistance operator:

	<u>Minimum</u>	<u>Maximum</u>
Direct Dial - Local DA	\$ 0.01	\$ 5.00
Direct Dial - National DA	\$ 0.01	\$ 5.00
Operator Dial - Local DA	\$ 0.01	\$ 5.00
Directory Assistance Call Completion	\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.7 Local Operator Service

Local calls may be completed or billed with the live or mechanical assistance by the Company's operator center. Calls may be billed collect to the called party, to an authorized third party number, to the originating line, or to a valid authorized calling card. Local calls may be placed on a station-to-station basis or to a specified party (see Person to Person), or designated alternate. Usage charges for local operator assisted calls are those usage charges that would normally apply to the calling party's service. In addition to usage charges, an operator assistance charge applies to each call:

	<u>Minimum</u>	<u>Maximum</u>
Station-to-Station	\$ 0.01	\$ 2.50
Person-to-Person	\$ 0.01	\$ 4.80

4.8 Reserved for Future Use

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4. SUPPLEMENTAL SERVICES (cont'd)

4.9 Blocking Service

4.9.1 General

Blocking service is a feature that permits customers to restrict access from their telephone line to various discretionary services. The following blocking options are available to business customers:

- 1) 900,700 Blocking - allows the subscriber to block all calls beginning with the 900 and 700 prefixes (i.e., 900-XXX-XXXX) from being placed;
- 2) 900,971,974 & 700 Blocking - allows the subscriber to block all calls beginning with the 900,971, 974 and 700 prefixes from being placed;
- 3) Third Number Billed and Collect Call Restriction - provides the subscriber with a method of denying all third number billed and collect calls to a specific telephone number provided the transmitting operator checks their validation data base;
- 4) Toll Restriction (1+ and 0+ Blocking) - provides the subscriber with local dialing capabilities but blocks any customer-dialed call that has a long distance charge associated with it;
- 5) Toll Restriction Plus - provides subscribers with Toll Restriction, as described in part 4 of this section; and
- 6) Direct Inward Dialing Blocking (Third Party and Collect Call) - provides business customers who subscribe to DID service to have Third Party and Collect Call Blocking on the number ranges provided by the Company.

4.9.2 Regulations

- A. The Company will not be liable for any charge incurred when any long distance carrier or alternative operator service provider accepts third number billed or collect calls.
- B. Blocking Service is available where equipment and facilities permit.

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4. SUPPLEMENTAL SERVICES (cont'd)

4.9 Blocking Service (cont'd)

4.9.3 Rates and Charges

A. Recurring and Nonrecurring Charges

The following rates and charges are in addition to all other applicable rates and charges for the facilities furnished.

	<u>Nonrecurring Charge, Per Line</u>	
	<u>Minimum</u>	<u>Maximum</u>
900 and 700 Blocking		
Business (up to 200 lines)	\$ 0.01	\$10.00
900, 971, 974 and 700 Blocking		
Business (up to 200 lines)	\$ 0.01	\$10.00

The nonrecurring charge for initial request of one and two-line business customers is waived for 90 days from the customer's service establishment date.

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4. SUPPLEMENTAL SERVICES (cont'd)

4.9 Blocking Service (cont'd)

4.9.3 Rates and Charges (cont'd)

A. Recurring and Nonrecurring Charges (cont'd)

	<u>Nonrecurring Charge, Per Line</u>	
	<u>Minimum</u>	<u>Maximum</u>
Third Number Billed and Collect Call Restriction Business (up to 200 lines)	\$ 0.01	\$ 5.00
Toll Restriction Business (up to 200 lines)	\$ 0.01	\$ 5.00
Toll Restriction Plus Business (up to 200 lines)	\$ 0.01	\$ 5.00
Direct Inward Dialing Blocking (Third Party and Collect Call)		
Initial Activation	\$ 0.01	\$50.00
Subsequent Activation (per line)	\$ 0.01	\$10.00

B. Pricing for Blocking Service for a business customer with more than 200 lines will be based on the cost incurred by Company to provide the service.

C. Connection charges apply as specified in Section 3 of this Tariff.

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4. SUPPLEMENTAL SERVICES (cont'd)

4.10 Reserved for Future Use

4.11 Customer Requested Service Suspensions

At the request of the customer the Company will suspend incoming and outgoing service on the customer's access line for a period of time not to exceed one year. The equipment is left in place and directory listings are continued during the suspension period without charge. At the customer's request the Company will provide the customer with an intercept recording referring callers to another number.

The Company will assess a lower monthly rate for Customer Requested Service Suspension as noted below. However, any mileage charges, monthly cable charges or monthly construction charges are still due, without reduction during the period of suspension.

<u>Period of Suspension</u>	<u>Charge</u>
First Month or Partial Month	Regular Monthly Rate (no reduction)
Each Additional Month (up to the one year limit)	Regular Monthly Rate

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5. BUSINESS NETWORK SWITCHED SERVICES

5.1 General

Business Network Switched Services provide business customers with a connection to the Company's switching network which enables the customer to:

- 1) Receive calls from other stations on the public switched telephone network;
- 2) Access the Company's local calling service;
- 3) Access the Company's local service; and
- 4) Access the service of providers of interexchange service. A customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10 XXX).

Business Network Switched Services are provided via one or more channels terminated at the customer's premises. Each Business Network Switched Service channel corresponds to one or more analog, voice-grade telephonic communications channels that can be used to place or receive one call at a time.

Connection charges as described in Section 3 apply to all service on a one-time basis unless waived pursuant to this Tariff.

5.2 Service Descriptions and Rates

The following Business Access Service Options are offered:

Basic Business Line Service
PBX Trunks

Basic Business Line Service, PBX Trunks are offered with message rate local service.

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5. BUSINESS NETWORK SWITCHED SERVICES

5.2 Service Descriptions and Rates (cont'd)

All Business Network Switched Service may be connected to customer-provided terminal equipment such as station sets, key systems, PBX systems or facsimile machines. Service may be arranged for two-way calling only or outward calling only. Optional Voice Mail Service is available.

5.2.1 Basic Business Line Service

A. General

Basic Business Line Service provides a customer with a one or more analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Local calling service is available at a on usage basis. Basic Business Lines are provided for connection of customer-provided single-line terminal equipment such as station sets or facsimile machines.

Each Basic Business Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Types:	Dual tone Multi Frequency (DTMF).
Directionality:	Two-Way, In-Only or Out-Only, at the option of the customer

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5. BUSINESS NETWORK SWITCHED SERVICES

5.2 Service Descriptions and Rates (cont'd)

5.2.1 Basic Business Line Service (cont'd)

B. Message Rate Basic Business Line Service

1) Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 8.

C. Recurring and Nonrecurring Charges

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the duration of call during the billing period. Nonrecurring Connection charges apply as described in Section 3 of this Tariff and Recurring charges can be found in Section 9 of this Tariff.

	<u>Minimum</u>	<u>Maximum</u>
Basic Business Line Service with Touch Tone (Single Line Access Area D)	\$ 0.01	\$ 30.00
Basic Business Line Service with Touch Tone (Multi-Line with Hunting Access Area D)	\$ 0.01	\$ 30.00

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5. BUSINESS NETWORK SWITCHED SERVICES

5.2 Service Descriptions and Rates (cont'd)

5.2.2 PBX Trunk Service

A. General

Analog PBX trunks are provided for connection of customer-provided PBX terminal equipment. Analog trunks are delivered on a DSO level and digital trunks are delivered at the DS1 level. All trunks are equipped with multiline hunting.

DID service allows callers to reach the called party without going through a PBX attendant. DOD service allows end users to dial outside of a PBX system without going through the PBX attendant to get access to an outside line. Digital trunks cannot be two-way trunks, but must be ordered as with either Direct Inward Dialing (DID) or Direct Outward Dialing (DOD).

For DID configured PBX trunks, additional charges apply for Direct Inward Dial Station numbers.

Each Analog Trunk has the following characteristics:

Terminal Interface:	2-wire or 4-wire, as required for the provision of service
Signaling Type:	Loop, Ground, E&M I, II, III
Pulse Type:	Dual Tone Multi-Frequency (DTMF).
Directionality:	In-Coming Only (DID), Out-Going Only (DOD), or Two-Way

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5. BUSINESS NETWORK SWITCHED SERVICES

5.2 Service Descriptions and Rates (cont'd)

5.2.2 PBX Trunk Service (cont'd)

B. Message Rate Analog PBX Trunks

1) Description

Message Rate Analog PBX Trunks provide the customer with a single, analog, voice grade telephonic communications channel which can be used to place or receive one call at a time. Local calls on two-way trunks and DOD trunks are billed on a usage basis. DID trunks are arranged for one-way inward calling only.

2. Recurring and Nonrecurring Charges

Nonrecurring connection charges apply as described in Section 3 of this Tariff. Charges for each Message Rate PBX Trunk include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's lines based on the duration of calls during the billing period, found in Section 9 of this Tariff. Local calling areas are as specified in Section 8.

	<u>Minimum</u>	<u>Maximum</u>
PBX Truck with Touch Tone	\$ 0.01	\$30.00

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6. SPECIAL SERVICES AND PROGRAMS

6.1 Universal Emergency Telephone Number Service

Universal Emergency Telephone Number Service (9-1-1 Service) is an arrangement of Company central office and trunking facilities whereby any telephone user who dials the number 911 will reach the emergency report center for the telephone from which the number is dialed or will be routed to an operator if all lines to an emergency report center are busy. If no emergency report center customer exists for a central office entity, a telephone user who dials the number 911 will be routed to an operator. The telephone user who dials the 911 number will not be charged for the call.

6.2 Relay Service

6.2.1 General

The Company will provide access to a telephone relay center for Relay Service. The service permits telephone communications between hearing and/or speech impaired individuals who must use a Telecommunications Device for the Deaf (TDD) or a Teletypewriter (TTY) and individuals with normal hearing and speech. The Relay Service can be reached by dialing an 800 number. Specific 800 numbers have been designed for both impaired and non-impaired customers to use.

6.2.2 Regulations

- A. Only intrastate calls can be completed using the Relay Service under the terms and conditions of this Tariff.
- B. Charges for calls placed through the Relay Service will be billed as if direct distance dialed (DDD) from the point of origination to the point of termination. The actual routing of the call does not affect billing.
- C. Calls through the Relay Service may be billed to a third number only if that number is within the State. Calls may also be billed to calling cards issued by the Company or other carriers who may choose to participate in this service.

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6. SPECIAL SERVICES AND PROGRAMS

6.2 Relay Service (cont'd)

6.2.2 Regulations (cont'd)

D. The following calls may not be placed through the Relay Service:

- 1) Calls to informational recordings and group bridging service;
- 2) Calls to time or weather recorded messages;
- 3) Station sent paid calls from coin telephones; and
- 4) Operator-handled conference service and other teleconference calls.

6.2.3 Liability

The Company contracts with an outside provider for the provision of this service. The outside provider has complete control over the provision of the service except for the facilities provided directly by the Company. In addition to other provisions of this Tariff dealing with liability, in the absence of gross negligence or willful misconduct on the part of the Company, the Company shall not be liable for and the customer, by using the service, agrees to release, defend and hold harmless for all damages, whether direct, incidental or consequential, whether suffered, made, instituted or asserted by the customer or by any other person, for any loss or destruction of property whatsoever, whether covered by the customer or others, or for any personal injury to or death of, any person. Notwithstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary or punitive damages of any nature whatsoever.

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7. SPECIAL ARRANGEMENTS

7.1 Special Construction

7.1.1 Basis for Charges

Basis for Charges where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company (including return) and may include:

- 1) Nonrecurring charges;
- 2) Recurring charges;
- 3) Termination liabilities; or
- 4) Combinations of 1), 2) and 3).

7.1.2 Basis for Cost Computation

The costs referred to in 7.1.1 preceding may include one or more of the following items to the extent they are applicable:

- 1) Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
 - a) Equipment and materials provided or used;
 - b) Engineering, labor and supervision;
 - c) Transportation; and
 - d) Rights of way and/or any required easements.
- 2) Cost of maintenance;
- 3) Depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage;
- 4) Administration, taxes and uncollectible revenue on the basis of reasonable average cost for these items;
- 5) License preparation, processing and related fees;
- 6) Tariff preparation, processing and related fees;
- 7) Any other identifiable costs related to the facilities provided; or
- 8) An amount for return and contingencies.

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

7. SPECIAL ARRANGEMENTS (cont'd)

7.1 Special Construction (cont'd)

7.1.3 Termination of Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of a customer.

A. The period on which the termination liability is based is the estimated service life of the facilities provided.

B. The amount of the maximum termination liability is equal to the estimated amounts (including return) for:

1) Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:

- a) Equipment and materials provided or used;
- b) Engineering, labor and supervision;
- c) Transportation; and
- d) Rights of way and/or any required easements.

2) License preparation, processing and related fees;

3) Tariff preparation, processing and related fees;

4) Cost of removal and restoration, where appropriate; and

5) Any other identifiable costs related to the specially constructed or rearranged facilities.

C. The termination liability method for calculation the unpaid balance of a term obligation is obtained by multiplying the sum of the amounts determined as set forth in Section 7.1.3.B. preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in Section 7.1.3.B. preceding shall be adjusted to reflect the redetermined estimated net salvage, including any reuse of the facilities provided. This amount shall be adjusted to reflect applicable taxes.

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343 North Front Street
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7. SPECIAL ARRANGEMENTS (cont'd)

7.2 Non-Routine Installation and/or Maintenance

At the customer's request, installation and/or maintenance may be performed outside the Company's regular business hours, or (in the Company's sole discretion and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material and other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays and/or night hours, additional charges may apply.

7.3 Individual Case Basis (ICB) Arrangements

In special situations, and subject to Commission review and approval, rates for specialized services will be determined on an Individual Case Basis and specified by contract between the Company and the customers. Any such contract will be filed with the Commission.

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8. LOCAL CALLING AREAS

8.1 Exchange Definition

The Company offers Local Exchange Service within Arizona and concurs in the filed exchange areas and exchange maps of the incumbent local exchange carrier.

8.2 Local Calling Area

Each customer shall have the local calling area of the normal exchange in which the customer is located.

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9. RATES AND CHARGES

9.1 Non-recurring Charges

9.1.1 Service Order Charge

Business Installation - per line/trunk \$50.00

9.1.2 Restoral Charge \$35.00

9.1.3 Moves, Adds and Changes Charge \$35.00

9.1.4 Premises Visit Charge \$20.00

9.1.5 Central Office Line Charge \$35.00

9.1.6 Primary Interexchange Carrier Change (PICC) Charge

Single Line \$ 0.53

Multi Line \$ 2.75

9.1.7 Remote Call Forwarding \$16.61

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9. RATES AND CHARGES (cont'd)

9.2 Supplemental Services

9.2.1 Custom Calling Features

Three-Way Calling	\$ 3.00
Three-Way Calling - per activation	\$ 0.75
Three-Way Calling Per Activation Monthly Cap	\$ 7.50
Call Forwarding Variable	\$ 3.00
Call Forwarding Busy	\$ 3.00
Call Forwarding Busy Line Don't Answer	\$ 3.00
Call Forwarding Don't Answer	\$ 3.00
Call Waiting/Cancel Call Waiting	\$ 3.00
Distinctive Ringing	\$ 3.00
Multiline Hunting	\$10.00
Speed Dialing - 8 Numbers	\$ 3.00
Speed Dialing - 30 Numbers	\$ 3.00
Repeat Dialing - per activation	\$ 0.65
Repeat Dialing Per Activation Monthly Cap	\$ 6.50
Calling Party Number Blocking	\$ 3.00
Anonymous Call Rejection	\$ 3.00
Auto Call Back/Auto Redial	\$ 3.00
Call Return - per activation	\$ 0.65
Call Return Per Activation Monthly Cap	\$ 6.50
Call Trace - per call	\$ 2.70
Call Trace Prep Charge	\$ 5.00
Call Screening	\$ 7.20
Selective Call Screening	\$ 4.68

9.3 Busy Verification and Interrupt Service

Busy Line Verification	\$ 1.00
Busy Line Interrupt	\$ 2.00

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

9. RATES AND CHARGES (cont'd)

9.4 Directory Services

9.4.1 Directory Assistance

Allowance Before Usage Charges Apply - per line	\$ 2.00
Direct-Dial - Local DA	\$ 0.45
Direct-Dial - National DA	\$ 1.00
Operator Dial - Local DA	\$ 0.45
Directory Assistance Call Completion	\$ 0.35

9.4.2 Directory Listings

Additional Listings	\$ 1.00
Alternate Listing	\$ 1.00
Non-Published Listing	\$ 1.00
Non-Listed Service	\$ 1.00
Foreign Listing	\$ 1.00
Extra Line Listing	\$ 1.00
Bold Directory Listing	\$ 1.00

9.4.3 Local Operator Services

Station-to-Station	\$ 1.00
Person-to-Person	\$ 2.50

9.4.4 Blocking Services

900 and 700 Blocking (Business up to 200 lines)	\$ 5.00
900, 971, 974 and 700 Blocking (Business up to 200 lines)	\$ 5.00
3 rd Number Billed & Collect Call Restriction (Business up to 200 lines)	\$10.00
Toll Restriction (Business up to 200 lines)	\$10.00
Toll Restriction Plus (Business up to 200 lines)	\$10.00
Direct Inward Dialing (DID) Blocking (3 rd Party and Collect Call)	
Initial Activation	\$25.00
Subsequent Activation (per line)	\$10.00

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James R.J. Martin II, President
343 North Front Street
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9. RATES AND CHARGES

9.5 Business Network Switched Services

9.5.1 Business Access Service Options (Resale)

A. Message Rate

Basic Business Line Service with Touch Tone (Single Line Access Area D)	\$20.48
Basic Business Line Service with Touch Tone (Multi-Line with Hunting Access Area D)	\$23.81
PBX Trunk with Touch Tone (Access Area D)	\$23.81
Per Message Charge - In Addition to Access Line (After 73 Message Call Allowance)	\$ 0.08

B. Basic Calling Plan - Measured Rate

Monthly Recurring Charge	\$12.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$ 0.02
Long Distance Rate - Intrastate	\$0.069
Long Distance Rate - Interstate	\$0.069
Features Included	2
Internet Included	No
Voice Mail Included	No

C. Basic + Calling Plan - Measured Rate

Monthly Recurring Charge	\$12.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$ 0.02
Long Distance Rate - Intrastate	\$0.059
Long Distance Rate - Interstate	\$0.059
Features Included	4
Internet Included	No
Voice Mail Included	No

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

9. RATES AND CHARGES (cont'd)

9.5 Business Network Switched Services (cont'd)

9.5.1 Business Access Service Options (Resale)(cont'd)

D. Freedom Calling Plan - Flat Rate

Monthly Recurring Charge	\$21.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	
Long Distance Rate - Intrastate	\$0.069
Long Distance Rate - Interstate	\$0.069
Features Included	2
Internet Included	No
Voice Mail Included	No

E. Freedom + Calling Plan - Flat Rate

Monthly Recurring Charge	\$21.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$ 0.02
Long Distance Rate - Intrastate	\$0.059
Long Distance Rate - Interstate	\$0.059
Features Included	4
Internet Included	No
Voice Mail Included	No

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Columbus, OH 43215

9. RATES AND CHARGES (cont'd)

9.6 UNE-P and Facilities Plans

Basic Calling Plan - Measured Rates

Monthly Recurring Charge	\$12.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$ 0.02
Long Distance Rate - Intrastate	\$0.069
Long Distance Rate - Interstate	\$0.069
Features Included	2
Internet Included	No
Voice Mail Included	No

Basic + Calling Plan - Measured Rates

Monthly Recurring Charge	\$12.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$ 0.02
Long Distance Rate - Intrastate	\$0.059
Long Distance Rate - Interstate	\$0.059
Features Included	4
Internet Included	No
Voice Mail Included	No

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343 North Front Street
Columbus, OH 43215

9. RATES AND CHARGES (cont'd)

9.6 UNE-P and Facilities Plans (cont'd)

Freedom Calling Plan - Flat Rate

Monthly Recurring Charge	\$21.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$
Long Distance Rate - Intrastate	\$0.069
Long Distance Rate - Interstate	\$0.069
Features Included	2
Internet Included	No
Voice Mail Included	No

Freedom + Calling Plan - Flat Rate

Monthly Recurring Charge	\$21.95
Network Access Charge	\$ 6.00
PICC/Single Line	\$ 0.53
PICC/Multi Line	\$ 2.75
Anywhere Minutes	
Local Per Minute Rate	\$ 0.02
Long Distance Rate - Intrastate	\$0.059
Long Distance Rate - Interstate	\$0.059
Features Included	4
Internet Included	No
Voice Mail Included	No

9.6.1 Other Charges

Remote Line Service	\$15.00
Late Payment Charge (Rated to Unpaid Balance)	1.5%
Seasonal Suspend	
50% of Normal Monthly Recurring Calling Plan Rate	50%
50% of Normal Federal Line Charge (NAC, EUCL, SLC)	50%

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9. RATES AND CHARGES (cont'd)

9.6 UNE-P and Facilities Plans (cont'd)

9.6.2 Basic Features List (selection list for included free features)

Call Forward Variable	\$3.00
Call Forward Busy Line	\$3.00
Call Forward Busy Line/No Answer	\$3.00
Call Forward No Answer	\$3.00
Call Waiting	\$3.00
Three-way Calling	\$3.00
Speed Dial 8	\$3.00
Caller ID*	\$3.00
Caller ID w/Name*	\$3.00
Repeat Dialing	\$3.00
Call Return	\$3.00
Multiline Hunting	\$3.00

*For UNE-P, Anonymous Call Rejection will be added at no charge with Caller ID.

9.6.3 Optional Features List

Speed Dialing - 30	\$3.15
--------------------	--------

9.6.4 Usage Based Features

Three-way Calling - per activation	\$0.75
Three-way Calling Monthly Cap	\$7.50
Call Return - per activation	\$0.65
Repeat Dialing - per activation	\$0.65
Monthly Cap for Call Return and Repeat Dialing	\$6.50
Call Trace - per call	\$2.70
Call Trace - Case Preparation Charge	\$5.00
Priority Call - per activation	\$0.50
Priority Call Monthly Cap	\$5.00
Select Forward - per activation	\$0.75

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343 North Front Street
Columbus, OH 43215

9. RATES AND CHARGES (cont'd)

9.6 UNE-P and Facilities Plans (cont'd)

9.6.5 Directory Listings

Additional Listings	\$1.00
Alternate Listing	\$1.00
Non-Published Listing	\$1.00
Non-Listed Service	\$1.00
Foreign Listing	\$1.00
Extra Line Listing	\$1.00
Bold Directory Listing	\$1.00

9.6.6 Directory Assistance

Allowance Before Usage Charges Apply - per line	2
Direct Dial - Local DA	\$0.45
Direct Dial - National DA	\$1.00
Directory Assistance Call Completion	\$0.35

9.6.7 Operator Assistance

Busy Line Verification	\$1.00
Busy Line Interrupt	\$2.00
Station-to-Station	\$1.00
Person-to-Person	\$2.50

9.6.8 Blocking Services

Toll Restriction	\$10.00
Blocking - 540, 550, 700, 900, 910, 920, 970 & 976	N/C
Selective Call Blocking	\$ 2.00
All Call Blocking	N/C
Per Call Blocking	\$ 2.00

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343 North Front Street
Columbus, OH 43215

9. RATES AND CHARGES (cont'd)

9.6 UNE-P and Facilities Plans (cont'd)

9.6.9 Non-Recurring Charges

Business Installation - per line/trunk	\$50.00
Premise Visit	\$20.00
Service Order Charge	\$35.00
Change Grade or Class of Service	\$35.00
Change Telephone Number	\$35.00
Seasonal Suspend	\$35.00
Restore Service - For Non-pay & Seasonal Suspend	\$35.00
Add/Change Directory Listing	\$20.00
Add/Change Feature(s)	\$20.00
Change Hunt Group Arrangement	\$20.00
Change Billing Name	\$20.00
Change Call Forwarding	\$20.00
Custom Number Request	\$20.00
Bad Check Charge	\$15.00

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Columbus, OH 43215

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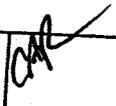
VIA FEDERAL EXPRESS

Docket Control
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007-2927

Arizona Corporation Commission
DOCKETED

SEP 08 2003

RE: Citynet Arizona, LLC
Docket No.: T-04201-03-0552

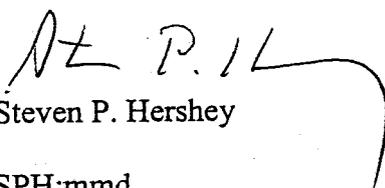
DOCKETED BY 

Dear Mr. Lebrecht:

Enclosed please find an original and fourteen copies of the revised Exchange Services Tariff (the "Tariff"). The tariff replaces the tariff that accompanied the Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services of the applicant, Citynet Arizona, LLC for authority to operate as a reseller of interexchange and Local Exchange Telephone Service filed with the Commission on August 5, 2003. Please date stamp one copy of the Tariff and return it to me in the enclosed, self addressed, stamped envelope.

Please contact me at (215) 851-8421 if you have any questions or require additional information.

Sincerely,


Steven P. Hershey

SPH:mmd
Encs.
cc: Ms. Julie Olinger

1515 Market Street
Ninth Floor
Philadelphia, PA 19102
Telephone: 215.851.8400
Facsimile: 215.851.8383
www.escm.com

Boston
Haddonfield, NJ
Harrisburg
Morgantown, WV
Philadelphia
Pittsburgh
Washington, D.C.

TITLE SHEET

EXCHANGE SERVICES TARIFF

Descriptions, Regulations, Rates and Charges applicable to services furnished by Citynet Arizona, LLC ("Citynet" or "Company"), including dedicated line and message services and switched exchange services for locations served to and from points in the State of Arizona. This tariff is on file with the Public Utility Commission of Arizona, and copies may be inspected during normal business hours, at the Company's principal place of business, 343 N. Front Street Suite 400, Columbus, OH 43215.

Issued: August 27, 2003

Effective: August 27, 2003

Filed under authority by Order of the Arizona Public Service Commission in Case No. 03-573-TP-TRF

James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

CHECK SHEET

Pages of this tariff are effective as of the date shown at the bottom of the respective page(s). Original and revised pages as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

SECTION	PAGE	REVISION	SECTION	PAGE	REVISION	SECTION	PAGE	REVISION
Title	1	Revision 1*	2	29	Original*	9	4	Revision 1*
Preface	1	Revision 1*	2	30	Original*			
Preface	2	Revision 1*	2	31	Original*			
Preface	3	Revision 1*	2	32	Original*			
Preface	4	Revision 1*	2	33	Original*			
Preface	5	Revision 1*	2	34	Original*			
Preface	6	Revision 1*	3	1	Revision 1*			
1	1	Original*	3	2	Original*			
1	2	Original*	3	3	Original*			
1	3	Original*	3	4	Original*			
1	4	Original*	3	5	Revision 1*			
1	5	Original*	4	1	Revision 1*			
1	6	Original*	4	2	Original*			
1	7	Original*	4	3	Revision 1*			
1	8	Original*	4	4	Revision 1*			
2	1	Original*	4	5	Original*			
2	2	Original*	4	6	Revision 1*			
2	3	Original*	4	7	Revision 1*			
2	4	Original*	4	8	Original*			
2	5	Original*	4	9	Original*			
2	6	Original*	4	10	Revision 1*			
2	7	Original*	4	11	Original*			
2	8	Original*	4	12	Original*			
2	9	Original*	4	13	Original*			
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2	15	Original*	5	4	Revision 1*			
2	16	Original*	5	5	Revision 1*			
2	17	Original*	5	6	Revision 1*			
2	18	Revision 1*	5	7	Revision 1*			
2	19	Original*	5	8	Revision 1*			
2	20	Original*	6	1	Revision 1*			
2	21	Revision 1*	6	2	Revision 1*			
2	22	Revision 1*	7	1	Original*			
2	23	Original*	7	2	Original*			
2	24	Original*	7	3	Original*			
2	25	Original*	8	1	Revision 1*			
2	26	Original*	9	1	Revision 1*			
2	27	Revision 1*	9	2	Revision 1*			
2	28	Original*	9	3	Revision 1*			

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

EXPLANATION OF SYMBOLS

All tariffs or revisions, stating changes in any provision, shall use the following codes:

- (I) Indicates an increase in rates.
- (D) Indicates a decrease in rates.
- (N) Indicates new rates or regulations.
- (O) Indicates omissions.
- (C) Indicates a change in text or regulations.
- (T) Indicates temporary rates and/or surcharges.

All of the foregoing shall be accompanied by explanatory footnotes.

APPLICATION OF TARIFF

This tariff applies to service offerings provided by Citynet Arizona, LLC.

With respect to local service, the Company provides service to customers in those areas served by a facilities-based carrier with which the Company has executed an interconnection agreement.

The Company intends to offer both facilities-based and resold service throughout the State of Arizona where it has an approved Interconnection Agreement.

Issued: August 27, 2003

Effective: August 27, 2003

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

TARIFF FORMAT

A. Page Numbering- Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 12 and 13 would be 12.1.

B. Page Revision Numbers- Revision numbers also appear in the upper right hand corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th version Page 12 cancels the 3rd version Page 12. Because of various suspension periods, deferrals, etc., the most current page number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the page currently in effect.

C. Paragraph Numbering Sequence- There are eight levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).i.
- 2.1.1.A.1.(a).i.1.

D. Check Sheets- When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revision made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

1. DEFINITIONS

For the purpose of this tariff, the following definitions will apply:

Access Services: The Company's intrastate telephone services offered pursuant to this tariff.

Access Service Request ("ASR"): The written request for access services executed by the Customer and the Company in the format devised by the Company. The signing of an ASR by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date. Should a Customer use the Company's access service without an executed ASR, the Company will then request the Customer to submit one.

Account Codes: For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment: Part or all of a payment required for special construction before the start of service.

Association Customer: An organized group of individual customers with which Company reaches agreement to provide service to both the association and its members.

Authorized User: The term, authorized user, denotes a person, firm or corporation who is authorized by the customer to utilize the Company.

Automatic Number Identification ("ANI"): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

Basic Local Exchange Services: Means the end user and carrier access to and usage of telephone Company-provided facilities that enable customers, over a local exchange telephone company network operated within a local service area, to originate and receive voice grade, data, or image communications and to access interexchange or other networks. Resellers and/or rebillers of basic local exchange service are local exchange carriers since they provide basic local exchange services consistent with this definition.

Bit: The smallest unit of information in the binary system of notation.

Business Line: A communication service provided by a telephone operating company which allows a subscriber of Company access to the telephone dial network.

1. DEFINITIONS (cont'd)

Central Office End: The term "Central Office End" denotes that end of a foreign exchange channel at which subscriber has a dial access to a telephone company central office.

Channel: The term "Channel" denotes a path for electrical transmission between two or more points, the path having a bandwidth and termination of subscriber's own choosing.

Closed End: The term "Closed End" refers to the termination point where the Dedicated Access Line described in Section 3.2 hereof is located.

Communications Services: The Company's intrastate toll and local exchange telephone services offered for both intraLATA and interLATA use.

Company: Citynet Arizona, LLC, also referred to as "Citynet".

Customer or Subscriber: The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Daytime: The term "Daytime" denotes 8:00 a.m. to, but not including, 5:00 p.m. local time at the originating terminal on Monday through Friday, excluding Company recognized national holidays.

Dedicated: A facility or equipment system or subsystem set aside for the sole use of a specific customer.

Deposit: Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

Designation Location: The term "Designation Location" or "Location" refers to a terminal device (e.g., handset, PBX, facsimile machine, having a unique telephone number, and to which the subscriber represents to the Company that subscriber has a regular and continuing requirement for communications which are related directly to the business of the subscriber at the designated location (e.g., including but not limited to: affiliates, subsidiaries, subcontractors, suppliers, customers, and other regular business contracts).

Dial Pulse ("DP"): The pulse type employed by rotary dial station sets.

Direct Inward Dial ("DID"): A service attribute that routes incoming calls directly to stations, by-passing a central answering point.

Direct Outward Dial ("DOD"): A service attribute that allows individual station users to access and dial outside numbers directly.

Distant City: The term "Distant City" refers to a Company termination point opposite a Closed End.

Dual Tone Multi-Frequency ("DTMF"): The pulse type employed by tone dial station sets.

Duplex Service: Service which provides for simultaneous transmission in both directions.

I. DEFINITIONS (cont'd)

End Office: With respect to each NPA-NXX code prefix assigned to the Company, the location of the Company's "end office" for purposes of this tariff shall be the point of interconnection associated with that NPA-NXX code in the Local Exchange Routing Guide ("LERG"), issued by Bellcore.

Evening: The term "Evening" denotes 5:00 p.m. but not including 11:00 p.m. local time at the originating terminal on Sunday through Friday and anytime on Company recognized national holidays except when a lower rate would normally apply.

Exchange: Means a geographical service area established by an incumbent local exchange carrier and approved by the Commission, which usually embraces a city, town, or village and a designated surrounding or adjacent area. It typically encompasses one or more central offices, together with the associated plant used in furnishing telecommunications service to the general public. There are currently 748 exchanges in the state.

Exchange Area: The term "Exchange Area" denotes a geographically defined area wherein the telephone industry through the use of maps or legal descriptions sets down specified areas where individual telephone companies hold themselves out to provide communications service.

Exchange Telephone Company or Telephone Company: Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engaged in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Citynet Arizona, LLC: Citynet Arizona, LLC, the issuer of this tariff, also referred to as "Company".

Foreign Exchange Service ("FX"): The term "Foreign Exchange Service" (FX) provides subscribers with the capability of local dialing in a remote exchange via private line service.

General Access Port ("GAP"): The term "General Access Port" (GAP) denotes an entrance or exit device on a switching machine which provides a means of connection between that switching machine and a termination point of the service.

Hearing Impaired: Those persons with communication impairments, including those hearing impaired, deaf, deaf/blind, and speech impaired persons who have an impairment that prevents them from communicating over the telephone without the aid of a telecommunications device for the deaf.

Holidays: Company recognized national holidays are New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

1. DEFINITIONS (cont'd)

In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Intercity Mileage: The term "Intercity Mileage" denotes the mileage, measured as the shortest distance between any two of the carrier's network terminal offices using the Telephone Industry Standard Rate Centers ("V" & "H") associated with the said carrier's offices.

Inward WATS Extension Service: The term "Inward WATS Extension Service" refers to an incoming service offered to customers who elect to have all of their calls routed to a specific number. Customers can select any previously unused seven digit number in place of an access code, and Company will route their calls to the dedicated phone number provided by the number in his application for Inward WATS Extension Service. (The dedicated number is supplied to the customer by his local exchange company).

IXC or Interexchange Carrier: A long distance telecommunications services provider.

Kbps: Kilobits per second, denotes thousands of bits per second.

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

Local Calling Area: Unless otherwise specified, local calling area for the Company shall be the same as the local calling area established by the LEC in the area where service is being provided.

Local Exchange Carrier ("LEC"): Means any facilities-based and nonfacilities-based, ILECs and NECs which provide basic local exchange services to consumers on a common carrier basis. Such term does not include and entity insofar as such entity is engaged in the provision of a commercial mobile service under Section 47 U.S.C. 332(C), except to the extent that the FCC finds that such service should be included in the definition of such term.

Local Interconnection Trunking Service: A local circuit administration point, other than a cross-connect or an information outlet, that provides capability for routing and re-routing circuits.

Mbps: Megabits, denotes millions of bits per second.

Minimum Point of Presence ("MPOP"): The main telephone closet in the Customer's building.

Monthly Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Multi-Frequency or ("MF"): An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems.

1. DEFINITIONS (cont'd)

Nighttime: The term "Nighttime" denotes 11:00 p.m. to but not including 8:00 a.m. local time at the originating terminal Monday through Friday, anytime on Saturday, and all day Sunday except 5:00 p.m. to 11:00 p.m.

Nonfacilities-Based Local Exchange Carrier: Any person, firm, copartnership, voluntary association, joint-stock association, company, or corporation that does not own, operate, manage, or control plant or equipment but that is in the business of reselling basic local exchange service to consumers on a common carrier basis.

Non-Proprietary Calling Card: Refers to a calling card or travel card which can be billed by any carrier and used on any network, such as an Ameritech card issued in conjunction with local services; as opposed to a card issued by an IXC which can only be used on that carrier's network and billed by that carrier.

Non-Recurring Charge ("NRC"): The initial charge, usually assessed on a one-time basis, to initiate and establish service.

Normal Work Hours: The term "Normal Work Hours" denotes the time after 8:00 a.m. and before 5:00 p.m. Monday through Friday excluding Company recognized holidays.

("NPA"): Numbering plan area or area code.

Off-Net: A means for carrying traffic to or from the Customer's premises, where the Company leases Other Telephone Company's facilities to deliver traffic to Customer location. (Off-Net traffic consists of all traffic that is not considered to be On-Net traffic.)

On-Net: A means for carrying traffic to or from the Customer's premises, where the Company connects to the MPOP in a Customer building or on a Customer's premises using only Company-owned fiber. On-Net traffic is delivered to Customer exclusively over facilities of the Company.

Operator Dialed Charge: The end user places the call without dialing the destination number, although the capability to do it himself exists. The end user will dial "0" for local calls and "00" for long distance calls and then requests the operator to dial the called station.

Operator Services: Operator Handled Calling Services are provided to Customers and Users of Company-provided Exchange Services.

Other Common Carrier ("OCC"): The term "Other Common Carrier" denotes a specialized or other type of common carrier authorized by the Federal Communications Commission to provide domestic or international communications service.

Other Telephone Company: An Exchange Telephone Company, other than the Company.

1. DEFINITIONS (cont'd)

PBX: Private Branch Exchange

Person-to-Person: Calls completed with the assistance of a Company operator to a particular person, station, department, or PBX extension specified by the calling party. Charges may be billed to the Customer's commercial credit card and/or LEC calling card, called station, or a designated third-party station.

Point of Presence ("POP"): Point of Presence

Premises: The term "Premises" denotes a building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public highway.

Rapid-Dial: The term "Rapid-Dial" refers to a dial-up service option where Company supplies or arranges for the supply of a network accessing dialer so that a customer dials all phone numbers as if the Company network were not to be involved.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Regular Billing: The term "Regular Billing" denotes a standard bill sent in the normal monthly Company billing cycle. This billing consists of one bill for each account assigned to the customer with explanatory detail showing the derivation of the charges.

Resp. Org.: "Resp. Org." is the responsible organization designated by the customer as the long distance carrier it wishes to have control any 800 number to which the customer is entitled.

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Shared Inbound Calls: Refers to calls that are terminated via the Customer's Company-provided local exchange line.

1. DEFINITIONS (cont'd)

Shared Outbound Calls: Refers to calls in Feature Group (FGD) exchanges whereby the Customer's local telephone lines are presubscribed by the Company to the Company's outbound service such that "1 + 10-digit number" calls are automatically routed to the Company's or an IXC's network. Calls to stations within the Customer's LATA may be placed by dialing "10XXX" or "101XXXX" with 1 + 10-digit number."

Special Billing Arrangement: The term "Special Billing Arrangement" denotes an arrangement under which Company will at the request of a customer, provide additional billing functions such as separate breakdowns of overall total billing into sub-bills to facilitate customer's internal accounting procedures.

Station-to-Station: Refers to calls other than person-to-person calls billed to either the end user's commercial credit card and/or non-proprietary calling card. Calls may be dialed with or without the assistance of a Company operator. Collect calls to coin telephones and transfers of charges to third telephones which are coin telephones will not be accepted.

Subscriber End: The term "Subscriber End" denotes that end of a foreign exchange channel at which a customer is connected by a local distribution facility to Company's network terminal office.

Subscriber Terminal: The term "Subscriber Terminal" denotes the termination of the Company, DAL at the customer's premises.

Switch: The term "Switch" denotes an electronic device which is used to provide circuit sharing, routing, and control.

Tandem: A class 4 switch facility to which NPA and NXX codes are subtended.

Third Number Billing: Calls where the person originating the call specifies to a telephone company operator to bill the call to an authorized station, as determined by the Telephone Company, other than the station originating the call, or the station where the call is terminated.

Three-Way Calling: Allows a station line user to add a third party to an existing conversation.

Time Charges: As an add-on service to the operator, time and charges for the call will be provided to the caller when the called party disconnects.

Traditional Operator Services: Traditional Operator Services are those services provided by the carrier in which the end user has a customer relationship with the carrier, contracts with the customer/end user to provide the services, and the customer/end user pays for the actual processing of the operator assisted calls.

Transparent Access: As used by Company, transparent access means that users access the Company network as they would AT&T with 1+ Area Code and number called only, omitting both the access and security code numbers in their manual dialing routine.

1. DEFINITIONS (cont'd)

Travel Access: Travel Access to the Company network can be utilized whenever a customer is at a location that cannot access a Company switch site on a toll free basis. Company Travel Access feature uses interconnect agreements and 800 lines to access the Company network from any of the lower 48 states, Puerto Rico, and/or the Virgin Islands.

Travel Access utilization is exactly the same as local network utilization with respect to procedures. Rates for Travel Access service vary from dial-up service only in the per minute rate. (See Section 3.5). Usage charges for Travel Access are rounded to the next highest minute.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

Universal Termination WATS (UTW): This is a Company service offering where customers pay one rate per minute per call, regardless of the distance being called. UTW billing is not mileage sensitive but all other Dial-Up regulations apply.

Usage Based Charges: Charges for minutes or messages traversing over local exchange facilities.

User or End User: A Customer, Joint User, or any other person authorize by a Customer to use service provided under this tariff.

Zero Negative ("0-"): The Customer dials only "0" and all additional network functions are performed by the operator.

Zero Plus Mechanized ("0+"): Operator assistance utilizing a machine instead of a live operator. Interaction requires the caller to use a touch tone telephone.

Zero Plus Time Out ("0+"): A "0+" mechanized feature that allows people without a touch tone telephone to revert to a live operator.

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2. RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company is a local facilities-based provider and reseller providing both interexchange and intraexchange telecommunications service for transmission of voice, data, facsimile, and special service on a switched and dedicated basis. Company will provide technical assistance to Customers to assist in meeting the Customer's requirements for both interexchange and local communications service.

The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own Customers.

2.1.2 Shortage of Equipment or Facilities

The furnishing of service under this tariff is subject to the availability of facilities the Company must obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.3 Terms and Conditions

- A. Service is provided on the basis of a minimum period of at least six months, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have thirty (30) days.
- B. Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- C. Except as otherwise stated in the tariff, at the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon thirty (30) days written notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- D. Service may be terminated upon written notice to the Customer if:
 - 1) the Customer is using the service in violation of this tariff; or
 - 2) the Customer is using the service in violation of the law.
- E. This tariff shall be interpreted and governed by the laws of the State of Arizona without regard for its choice of laws provision.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.3 Terms and Conditions (cont'd)

- F. Any Other Telephone Company may not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.
- G. To the extent that either the Company or any Other Telephone Company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its' Customers. At the reasonable request of either party, the Company and the Other Telephone Company shall jointly attempt to obtain from the owner of the property access for the other party to serve a person or entity.
- H. The Company hereby reserves its rights to establish service packages specific to a particular Customer. These contracts may or may not be associated with volume and/or term discounts.

2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability

- A. Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representatives, or use of these services or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7.
- B. Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- C. The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed, and will include such interest as might be required by Commission rules.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability (cont'd)

- D. The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense due to:
- 1) Any act or omission of: (A. the Customer, (B. any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (C. common carriers or warehousemen, except as contracted by the Company;
 - 2) Any unlawful or unauthorized use of the Company's facilities and services;
 - 3) Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the material transmitted by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services;
- E. The Company's liability for any service or performance failure caused by an Act of God, civil commotion, strike, lockout, work stoppage or other labor difficulty; or any terrorist activity or other criminal acts; shall be governed by the Commission's rules and regulations.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability (cont'd)

D. (cont'd)

- 4) Breach in the privacy or security of communications transmitted over the Company's facilities;
- 5) Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company's liability is limited as set forth in paragraph (A. of this Subsection 2.1.4.
- 6) Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;
- 7) Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities;
- 8) Any noncompletion of calls due to network busy conditions;
- 9) Any calls not actually attempted to be completed during any period that service is unavailable; and
- 10) Any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's services or facilities.

E. The Company's liability for any service or performance failure caused by an Act of God, civil commotion, strike, lockout, work stoppage or other labor difficulty; or any terrorist activity or other criminal acts; shall be governed by the Commission's rules and regulations.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.4 Limitations on Liability (cont'd)

- E. The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.
- F. The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.
- G. Failure by the Company to assert its rights pursuant to one provision of this tariff does not preclude the Company from asserting its rights under other provisions.
- H. Approval of the above tariff language by the Arizona Public Service Commission does not constitute a determination by the Commission that the limitation of liability imposed by the Carrier should be upheld in a court of law. Approval by the Commission merely recognizes that since it is a court's responsibility to adjudicate negligence and consequent damage claims, it is also the court's responsibility to determine the validity of the exculpatory clause.

2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

2.1.6 Provision of Equipment and Facilities

- A. The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not nor may the Customer permit others to rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- B. The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- C. Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the equipment is provided.

2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.6 Provision of Equipment and Facilities (cont'd)

- D. Except as otherwise indicated, Customer provided station equipment at the Customer's premises for use in connection with this service shall be so constructed, maintained and operated as to work satisfactorily with the facilities of the Company.
- E. The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
- 1) the through transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
 - 2) the reception of signals by Customer-provided equipment; and
 - 3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

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2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is construction undertaken:

- 1) where facilities other than cable pairs are not presently available, and there is no other requirement for the facilities so constructed;
- 2) of a type other than that which the Company would normally utilize in the furnishing of its services;
- 3) over a route other than that which the Company would normally utilize in the furnishing of its services;
- 4) in a quantity greater than that which the Company would normally construct;

2. RULES AND REGULATIONS (cont'd)

2.1 Undertaking of the Company (cont'd)

2.1.8 Special Construction (cont'd)

- 5) on an expedited basis;
- 6) on a temporary basis until permanent facilities are available;
- 7) involving abnormal costs; and
- 8) in advance of its normal construction.

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its partners, agents, contractors or suppliers.

2.2 Prohibited Uses

- A. The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- B. The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws.

2. RULES AND REGULATIONS (cont'd)

2.2 Prohibited Uses (cont'd)

- C. The Company may block any signals being transmitted over its Network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked Service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.

- D. A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- 1) the payment of all applicable charges pursuant to this tariff;

- 2) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;

2. RULES AND REGULATIONS (cont'd)

2.3 Obligations of the Customer (cont'd)

2.3.1 General (cont'd)

- 3) providing at no charge, as specified from time to time by the Company, any needed equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- 4) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Communications Services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.3.1(C). Any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.
- 5) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;

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2. RULES AND REGULATIONS (cont'd)

2.3 Obligations of the Customer (cont'd)

2.3.1 General (cont'd)

- 6) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
- 7) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities;
- 8) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes; and
- 9) Company shall be indemnified and held harmless by the customer against claims of libel, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over the channels, against claims for infringement of patents arising from, combining with, or using in connection with, service furnished by Company apparatus and systems of the customer in connection with the service provided by Company.

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2. RULES AND REGULATIONS (cont'd)

2.3 Obligations of the Customer (cont'd)

2.3.2 Liability of the Customer

- A. The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.
- B. To the extent caused by any negligent or intentional act of the Customer as described in (A., preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.
- C. The Customer shall not assert any claim against any other Customer or user of the Company's services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this tariff is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.

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2. RULES AND REGULATIONS (cont'd)

2.4 Customer Equipment and Channels

2.4.1 General

A user may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

- A. Terminal equipment on the user's premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the user. The user is responsible for the provision of wiring or cable to connect its terminal equipment to the Company MPOP.
- B. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

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2. RULES AND REGULATIONS (cont'd)

2.5 Customer Deposits and Advance Payments

2.5.1 Advance Payments

The Company may require a Customer to make an advance payment for special construction before a specific service or facility is furnished. In general, the advance payment will not exceed an amount equal to the non-recurring charge(s) for special construction for the service or facility. The advance payment will be credited to the Customer's initial bill.

2.5.2 Deposits

- A. To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit may be required if the customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. All deposit amounts, refunds and interest payments will comply with Commission rules and regulations governing telephone utilities.
- B. A deposit may be required in addition to an advance payment.
- C. Upon discontinuance of service, the Company, within forty-five (45) days, shall automatically refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills including any penalties assessed for service furnished by the Company.
- D. Deposits held for 180 days or longer will accrue interest. Deposits held for less than 180 days will not accrue interest.

2. RULES AND REGULATIONS (cont'd)

2.5 Customer Deposits and Advance Payments (cont'd)

2.5.3 Application for Service

Company will require a customer to sign an application form furnished by Company and to establish his credit as provided in these Regulations, as a condition precedent to the initial establishment for such service. Company's acceptance of an order for service to be provided to an applicant whose credit has not been duly established to the sole and exclusive satisfaction of Company, may be subject to the provisions as described in Section 2.5.2. This application shall state the date on which service is to begin and the points between which service is to be provided, the type of facilities required, and any special arrangements related thereto. Company will also require a signed authorization from a customer for additions to or changes in the existing service of such customer.

2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements

2.6.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

A. Taxes

The Customer is responsible for the payment of all state, local and 9-1-1 taxes, surcharges, utility fees, or other similar fees for which the end user is directly responsible and that may be levied by a governing body or bodies in conjunction with or as a result of a service furnished under a tariff on file with the Commission. These charges may appear as separate line items on the Customer's bill, as opposed to being included in the rates contained in a tariff. Any such line item charges will be reflected in the Company's tariff. The Company shall not assess separately any taxes, fees or surcharges, other than government-approved sales taxes imposed directly on the end users, without seeking Commission approval under the appropriate local competition procedures required by the Commission. The Company shall comply with Commission procedures by sending notice to all Customers informing them of the new line item charges.

2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other users for services and facilities furnished to the Customer by the Company. Customer bills will be rendered monthly and will comply with all applicable requirements.

- A. Non-recurring charges are due and payable within thirty (30) days after the date the invoice is mailed to the Customer by the Company.
- B. The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and recurring charges shall be due and payable within thirty (30) days after the date the invoice is mailed to the Customer by the Company. When billing is based upon Customer usage, usage charges will be billed monthly for the preceding billing period.
- C. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.
- D. Billing of the Customer by the Company will begin on the Service Commencement Date, which is the day on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.2 Billing and Collection of Charges (cont'd)

- E. If any portion of the payment is received by the Company after the date due, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment, then a late payment penalty shall be due to the Company. A late payment charge of 1.5% per month, for bills not paid within 30 days of receipt, is not applicable to subsequent rebilling of any amount to which a late payment charge has already been applied. Late payment charges are to be applied without discrimination.
- F. The Customer should notify the Company of any disputed items on an invoice as soon as possible. Customers desiring to contact the Company may write the Company or call its toll-free Customer Care Center:

Citynet Arizona, LLC
113 Platinum Drive
Bridgeport, WV 26330
1-800-903-8906

If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Commission in accordance with the Commission's rules of procedure. The address of the Commission is as follows:

Phoenix Office
1200 W. Washington Street
Metro Phoenix, AZ 85007
602-542-4251 Outside Metro Phoenix
800-222-7000 Toll Free

Tucson Office
400 W. Congress, Room 218
Metro Tucson, AZ 8570-1347
520-628-6550 Outside Metro Tucson
800-533-0148 Toll Free

- G. If service is disconnected by the Company (in accordance with Section 2.6.3 following, and later re-installed, re-installation of service will be subject to all applicable installation charges. If service is suspended by the Company (in accordance with Section 2.6.3 following, and later restored, restoration of service will be subject to all applicable installation charges.
- H. Any denial or disconnection of local or toll service by the Company shall comply with all applicable Commission requirements. Local service may only be disconnected for subscriber non-payment of charges for local service regulated by the Arizona Public Service Commission.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.3 Discontinuance of Service for Cause

- A. Upon nonpayment of any amounts owing to the Company, the Company may, by giving ten (10) days prior written notice to the Customer, discontinue or suspend service without incurring any liability.
- B. Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving ten (10) days prior written notice to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- C. Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- D. Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.

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2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.3 Discontinuance of Service for Cause (cont'd)

- E. Upon any governmental prohibition or governmental required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- F. In the event of fraudulent use of the Company's network, the Company may without notice suspend or discontinue service. The Customer will be liable for all related costs. The Customer will also be responsible for payment of any reconnection charges.
- G. Upon the Company's discontinuance of service to the Customer under Section 2.6.3(A. or 2.6.3(B., the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).
- H. The Customer is responsible for providing adequate access lines to enable the Company to terminate all 800 Service calls to the Customer's telephone equipment. Should the Customer have insufficient access lines on which to terminate 800 Service calls, the Company reserves the right to request the Customer to add additional lines for call terminations. If, after ninety (90) days, the Customer has not made the requested change, the Company, without incurring any liability, reserves the right to terminate the Customer's 800 Service, with thirty (30) days written notice.

Company will comply with all applicable disconnection requirements.

2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.4 Notice to Company for Cancellation of Service

Customers receiving special contract service and desiring to terminate such service shall provide the Company thirty (30) days written notice of termination.

2.6.5 Cancellation of Application for Service

When a Customer cancels an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below:

Where the Company has notified a Customer or prospective customer of the possibility that special expenses may be incurred in connection with provisioning their service, and then the Company does incur such expenses. Expenses could include special construction, or where special arrangements of facilities or equipment have begun before the Company received a cancellation notice. The charge will be equal to the costs actually incurred, less net salvage.

2. RULES AND REGULATIONS (cont'd)

2.6 Payment Arrangements (cont'd)

2.6.6 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.6.7 Bad Check Charge

A charge will be assessed for all checks returned by drawee bank or other financial institution for: Insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

Bad check charges are listed in the Price List Section 9.6.9. The current charge is \$15.00.

2.6.8 Credit Worthiness

Service applicants may be required to establish credit worthiness in accordance with applicable regulations.

2.7 Allowances for Interruptions in Service

- A. A credit allowance will be given when service is interrupted, except as specified in Section 2.7.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- B. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- C. All credit allowances shall be in compliance with applicable requirements.

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2. RULES AND REGULATIONS (cont'd)

2.7 Allowances for Interruptions in Service (cont'd)

2.7.1 General (cont'd)

- D. If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- E. The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

2.7.2 Limitations of Allowances

No credit allowance will be made for any interruption in service which:

- 1) Occurs as a result of a negligent or willful act on the part of the Subscriber;
- 2) Occurs as a result of a malfunction of Subscriber-owned telephone equipment;
- 3) Occurs as a result of acts of God, military action, wars, insurrections, riots, or strikes; and
- 4) Extended by the Company's inability to gain access to the Subscriber's premises due to the Subscriber missing a repair appointment.

All adjustments will be made in accordance with the Commission requirements.

2. RULES AND REGULATIONS (cont'd)

2.7 Allowances for Interruptions in Service (cont'd)

2.7.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

2.7.4 Application of Credits for Interruptions in Service

Credits for interruptions in service shall be provided in accordance with the Commission requirement.

2.7.5 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of eight (8) hours or more or cumulative service credits equaling sixteen (16) hours in a continuous twelve (12) month period. The right to cancel service under this provision applies only to the single circuit which has been subject to the outage or cumulative service credits.

2. RULES AND REGULATIONS (cont'd)

2.8 Cancellation of Service/Termination Liability

If a Customer cancels a service order or terminates services before the completion of the term for any reason other than a service interruption (as defined in Section 2.7.1) or where the Company breaches the terms in the service contract, Customer may be requested by the Company to pay to Company termination liability charges, which are defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2.6.2.

2.8.1 Termination Liability

Customer's termination liability for cancellation of service shall be equal to:

- 1) All unpaid non-recurring charges reasonably expended by Company to establish service to Customer, plus;
- 2) Any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus;
- 3) All recurring charges specified in the applicable Service Order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation; and
- 4) Minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

2. RULES AND REGULATIONS (cont'd)

2.9 Customer Liability for Unauthorized Use of the Network

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains the Company's services provided under this tariff.

2.9.1 Customer Liability for Fraud and Unauthorized Use of the Network

- A. The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.
- B. A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer's account. An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.
- C. The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss, and/or theft.
- D. The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

The liability of the Customer for unauthorized use of the Network by credit card fraud will not exceed the lesser of fifty dollars (\$50.00) or the amount of money, property, labor, or services obtained by the unauthorized user before notification to the Company.

2. RULES AND REGULATIONS (cont'd)

2.10 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties:

- 1) To any subsidiary, parent company or affiliate of the Company;
- 2) Pursuant to any sale or transfer of substantially all the assets of the Company; or
- 3) Pursuant to any financing, merger or reorganization of the Company.

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2. RULES AND REGULATIONS (cont'd)

2.11 Notices and Communications

- A. The Customer shall designate on the service order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- B. The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- C. Except as otherwise stated in this tariff, all notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- D. The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2. RULES AND REGULATIONS (cont'd)

2.12 Sales Tax

Certain telecommunication services, are subject to state sales tax at the prevailing tax rates, if the services originate, or terminate in Arizona, or both, and are charged to a subscriber's telephone number or account in Arizona.

2.13 Trouble Shooting at Customer's Premises

A trouble shooting charge is levied to cover the cost to Company, of a visit to the customer's premises to determine what equipment is the cause of a malfunction. This charge applies in cases where Company identifies the trouble to be caused by customer-provided equipment, and is unrelated to any malfunction of Company's service. The charge applies from the time Company personnel are dispatched until the problem is identified.

A charge also applies when the local telephone company at Company's request, makes the trouble shooting visit to customer's premises and determines that the trouble is caused by customer-provided equipment. The customer will be billed directly by the local telephone company.

The customer may also be responsible for any charges when Company, acting as the customer's agent, requests that the vendor of the customer-provided equipment make a trouble shooting visit of the customer-provided equipment.

The rates applicable shall be those identified in Price List Section 6.1.1.

2. RULES AND REGULATIONS (cont'd)

2.14 Service Rearrangements

- A. Any customer wishing to change the type of service arrangement provided is required to give the Company at least 45 days written notice. Such changes will only be effected on the first day of a monthly billing period.
- B. When, at the customer's request, the Company changes the customer's service type or operation mode and these changes require any facility or termination rearrangements by the Company the normal installation charge(s) for that which is rearranged will apply unless a specific charge exists elsewhere in this tariff.
- C. When the local access line and/or associated equipment is moved or rearranged at the customer's request, the normal local access line installation charges will apply.
- D. When the customer requests changes, additions, or deletions to optional features, the normal installation charge for the changed optional feature will apply.
- E. Change of Resp. Org.: If a Customer accumulates more than \$1,000.00 of undisputed delinquent Company 800 Service charges, the Company Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

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3. EXCHANGE SERVICE

This Section describes the exchange services for which charges are applied.

3.1 Connection Charges

3.1.1 General

The Connection Charge is a nonrecurring charge which applies to the ordering, installing, moving, changing, rearranging for furnishing telephone services and facilities. Any one or combination of all elements of the connection charges may apply, depending upon the customer's request.

The customer may request an estimate or a firm bid before ordering installation work to be done. When an estimate is provided, the estimate is not binding on the Company and the charge to be billed will be based on the actual time and materials charges incurred. When a firm bid is provided at customer request, the charge to be billed is the amount quoted to the customer for the work requested.

3.1.2 Exceptions to the Charge

- A. No charge applies for a change to a service for which a lower monthly rate applies, made within 90 days after any general rate increase, if a lower grade of service is offered in the customer's exchange.
- B. The Company may from time to time waive or reduce the charge as part of a promotion. See 4.3.

3.2 Service Order Charge

A service Order Charge applies per customer order, for all work or services ordered to be provided at one time, on the same premises, for the same customer.

Business

Minimum	\$10.00
Maximum	\$90.00

3. EXCHANGE SERVICE (cont'd)

3.3 Reserved for Future Use

3.4 Restoral Charge

A Restoral Charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of service, as deemed in Section 1 of this Tariff.

Business

Minimum	\$ 5.00
Maximum	\$90.00

3.5 Moves, Adds and Changes

The Company alone may make changes in the location of its lines and equipment. When it is found that a move or change of such lines or equipment has been made by others, the Connection Charge for the underlying service will apply as if the work had been done by the Company.

The customer will be assessed a charge for any move, add or change of a Company service. Move, Add and Change are defined as follows:

Move: The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

Add: The addition of a vertical service to existing equipment and/or service at one location.

Change: Change - including rearrangement or reclassification - of existing service at the same location.

3. EXCHANGE SERVICE (cont'd)

3.5 Moves, Adds and Changes (cont'd)

Charge Per:	<u>Move</u>	<u>Add</u>	<u>Change</u>
Minimum:	\$ 5.00	\$ 5.00	\$ 5.00
Maximum:	\$90.00	\$90.00	\$90.00

3.6 Premises Visit

3.6.1 Terms and Conditions

A Premises Visit Charge applies per customer order, for all work or services ordered to be provided at one time on the same premises, for the same customer. When more than one visit is required to complete the work as originally ordered, only one Premises Visit Charge applies. A Premises Visit Charge applies to each premises visited for the purpose of installation, removal, reconnection or changing of regulated facilities and to connect a line between different buildings on different premises, whether or not mileage charges are applicable to such lines.

	<u>Minimum</u>	<u>Maximum</u>
Per Hour Business:	\$10.00	\$50.00

3.6.2 Trouble Isolation Charge

When a visit to the customer's premises is necessary to isolate a problem reported to the Company but identified by the Company's technician as attributable to customer-provided equipment or inside wire, a separate charge applies in addition to all other charges for the visit.

3. EXCHANGE SERVICE (cont'd)

3.7 Central Office Line Charge

A Central Office Line Charge applies to arranging (A. line(s) to provide service between the central office and the customer's premises.

Business

Minimum: \$ 5.00
Maximum: \$90.00

3.8 Primary Interexchange Carrier Change Charge

The customer will incur a charge each time there is a change in the long distance carrier associated with the customer's line after the initial installation of service.

Minimum: \$ 0.01
Maximum: \$ 5.00

3.9 Remote Call Forwarding Service

RCF is a service feature whereby all calls placed to an RCF customer's telephone number (the call forwarding location) are automatically forwarded by Company central office equipment to a designated terminating station of such RCF customer which is located in an exchange area of the Company or another telephone company. RCF is subject to the following regulations:

- 1) RCF service will be provided on any exchange service which can be direct inward dialed except semi-public and public telephone service;
- 2) The service is offered from central offices where the Company has arranged the facilities for RCF and is furnished subject to the availability of facilities;
- 3) One primary directory listing, as appropriate, will be provided without charge for the exchange in which the RCF central office is located;
- 4) Since the grade of transmission on calls which are remotely forwarded may vary, depending upon the location of the calling party in relation to the terminating station, the Company cannot guarantee transmission on forwarded calls;

3. EXCHANGE SERVICE (cont'd)

3.9 Remote Call Forwarding Service (cont'd)

- 5) Each RCF feature allows for forwarding one call at a given time. An additional feature is necessary for each additional call to be forwarded simultaneously. The customer must subscribe to sufficient RCF features and facilities at the terminating station to adequately handle calls without impairing, disrupting or deteriorating services offered by the Company. In the event that the use of RCF causes such impairment, disruption or deterioration, the Company shall have the right to discontinue forthwith such service without prior notification to the customer; and
- 6) The Company will not provide identification of the originating telephone number to an RCF customer.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 90.00

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4. SUPPLEMENTAL SERVICES

This Section describes supplemental services and charges associated with those services.

4.1 Custom Calling Service

4.1.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases. Connection charges may apply when a customer requests connection to one or more custom calling features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

The Company may elect to offer a free or reduced rate trial of any new CLASS feature(s) to prospective customers within 90 days of the establishment of the new feature.

4.1.2 Description of Features

A. Three Way Calling/Call Hold

The Three Way Calling feature allows a customer to add a third party to an existing two-way call and form a three-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a customer to put any in-progress call on hold by flashing the switch-hook and dialing a code. This frees the line to allow the customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 10.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

B. Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another customer-specific line. The customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding. The calling party is billed for the call to the called number. If the forwarded leg of the call is chargeable, the customer with the Call Forwarding is billed for the forwarded leg of the call.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

Call Forwarding - Busy automatically reroutes an incoming call to a customer pre-designated number when the called number is busy.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

Call Forwarding - Don't Answer automatically reroutes an incoming call to a customer pre-designated number when the called number does not answer within the number of rings programmed by the Company.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

Call Forwarding - Variable allows the customer to choose to reroute incoming calls to another specified telephone number. The customer must activate and deactivate this feature.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

C. Call Waiting/Cancel Call Waiting

Call Waiting provides a tone signal to indicate to a customer already engaged in a telephone call that a second caller is attempting to dial in. It will also permit the customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting (CCW) allows a Call Waiting (CW) customer to disable CW for the duration of an outgoing telephone call. CCW is activated (i.e., CW is disabled) by dialing a special code prior to placing a call, and is automatically deactivated when the customer disconnects from the call.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 10.00

D. Distinctive Ringing

This feature enables a user to determine the source of an incoming call from a distinctive ring. The user is provided with up to two additional telephone numbers.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

E. Multiline Hunting

This feature is a lie hunting arrangement that provides sequential search of available numbers within a multiline group.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$15.00

4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

F. Speed Calling

This feature allows a user to dial selected numbers using one or two digits. Up to thirty numbers with two digits can be selected.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 10.00

G. Repeat Dialing

This feature will enable a customer to reach a called party whose number is busy without having to continually redial the telephone number. The busy number will automatically be dialed, for a 30 minute period, until it becomes available. The caller can make and receive calls during the 30 minute period that the busy number is being dialed. The caller will receive a special ring-back when both numbers are freed for use. The feature can also be used to recall a called party after the conversation has been terminated.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$10.00

H. Calling Party Number Blocking

Calling Party Number Blocking provides telephone customers with the capability to prevent the disclosure of the calling telephone number on calls made to an exchange service equipped with Caller ID and other Advanced Custom Calling services where the calling party number may be disclosed. Calling Party Number Blocking is available on a per-call basis for semi-public and public customers where facilities permit. Calling Party Number Blocking is available on a per-service basis. Per-call Calling Party Number Blocking is accomplished by the customer dialing an activation code (*67 for Touch-Tone and 1167 for rotary dial pulse. prior to placing each call for which blocking is desired.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

I. Anonymous Call Rejection

Anonymous Call Rejection (ACR) is a service that enables customers the ability to reject calls from parties who have a privacy feature that prevents the delivery of their calling number to the called party when the called party has Caller ID with Name. With ACR the called customer receives no alerting or ringing for a call that is rejected. The call is routed to a denial announcement and subsequently terminated. The calling party hears a denial announcement which indicates the calling party can retry their call after unblocking their number.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

J. Auto Call Back/Auto Redial

The Auto Call Back/Auto Redial feature allows a customer to automatically redial the last number dialed. this is accomplished by the customer activating a code. The network periodically tests the busy/free status of the called line for up to 30 minutes until both lines are found free and then redials the call for the customer.

The Automatic Redial feature also allows customers, having reached a busy number, to dial a code before hanging up. Automatic Redial feature then continues to try the busy number for up to 30 minutes until it becomes free. Once the busy line is free the call is automatically redialed and the customer is notified of the connected call via a distinctive ring.

The following types of calls cannot be Automatically Redialed:

- 1) Calls to 800 Service numbers;
- 2) Calls to 900 Service numbers;
- 3) Calls preceded by an interexchange carrier access code;
- 4) International Direct Distance Dialed calls;
- 5) Calls to Directory Assistance; and
- 6) Calls to 9-1-1.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

4. SUPPLEMENTAL SERVICES (cont'd)

4.1 Custom Calling Service (cont'd)

4.1.2 Description of Features (cont'd)

K. Automatic Recall

The Automatic Recall stores the number of the most recent incoming call (including unanswered incoming calls) to a customer's number. This allows a customer to dial back any missed or unanswered telephone calls.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$10.00

L. Customer Originated Trace

Customer Originated Trace allows customers to key in a code that alerts the network to trace the last call received. The traced telephone number is automatically sent to the company for storage for a limited amount of time and is retrievable by legally constituted authorities upon proper request by them. By contacting the Company the customer can use this application to combat nuisance calls.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 5.00

M. Call Screening

This feature provides the customer with the ability to prevent repeated calls from an unwanted caller whose number may or may not be known. The customer receiving the call need only hang up and immediately dial the Call Screening access code which will deny the caller the ability to ring the customer's telephone. In addition, the customer has the ability to create a list of telephone numbers from which the customer may wish to not receive calls. Calls from these telephone numbers will be sent an appropriate announcement indicating that the call cannot be completed because the customer has activated Call Screening.

<u>Minimum</u>	<u>Maximum</u>
\$ 0.01	\$ 10.00

4. SUPPLEMENTAL SERVICES (cont'd)

4.2 Reserved for Future Use

4.3 Service and Promotional Trials

4.3.1 General

The Company may establish temporary promotional programs wherein it may waive or reduce nonrecurring or recurring charges, to introduce a present or potential customer to a service not previously subscribed to by the customer.

4.3.2 Regulations

- A. Appropriate notification of the Trial will be made to all eligible customers and to the Commission. Appropriate notification may include direct mail, bill inserts, broadcast or print media, direct contact or other comparable means of notification.

4. SUPPLEMENTAL SERVICES (cont'd)

4.3 Service and Promotional Trials (cont'd)

4.3.2 Regulations (cont'd)

- B. During a Service Trial, the service(s) is(are) provided automatically to all eligible customers, except those customer who choose not to participate. Customers will be offered the opportunity to decline the trial service both in advance and during the trial. A customer can request that the designated service be removed at any time during the trial and not be billed a recurring charge for the period that the feature was in place. At the end of the trial, customers that do not contact the Company to indicate they wish to retain the service will be disconnected from the service at no charge.
- C. During a Promotional Trial, the service is provided to all eligible customers who ask to participate. Customers will be notified in advance of the opportunity to receive the service in the trial for free. A customer can request that the service be removed at any time during the trial and not be billed a recurring charge for the period that the service was in place. At the end of the trial, customers that do not contact the Company will be disconnected from the service.
- D. Customers can subscribe to any service listed as part of a Promotional Trial and not be billed the normal Connection Charge. The offering of this trial period option is limited in that a service may be tried only once per customer, per premises.
- E. The Company retains the right to limit the size and scope of a Promotional Trial.

4.4 Busy Verification and Interrupt Service

4.4.1 General

Upon request of a calling party, the Company will verify a busy condition on a called line. An operator will determine if the line is clear or in use and report to the calling party. In addition, the operator will intercept an existing call on the called line if the calling party indicates an emergency and requests interruption.

4. SUPPLEMENTAL SERVICES (cont'd)

4.4 Busy Verification and Interrupt Service (cont'd)

4.4.2 Rate Application

A. A Verification Charge will apply when:

- 1) The operator verifies that the line is busy with a call in progress; or
- 2) The operator verifies that the line is available for incoming calls.

B. Both a Verification Charge and an Interrupt Charge will apply when the operator verifies that a called number is busy with a call in progress and the customer requests interruption. The operator will interrupt the call advising the called party of the name of the calling party and the called party will determine whether to accept the interrupt call. Charges will apply whether or not the called party accepts the interruption.

C. No charge will apply when the calling party advises that the call is from an official public emergency agency.

4.4.3 Rates

	<u>Minimum</u>	<u>Maximum</u>
Verification Charge, each request	\$ 0.01	\$ 5.00
Interrupt Charge, each request	\$ 0.01	\$ 5.00

4.5 Reserved for Future Use

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4. SUPPLEMENTAL SERVICES (cont'd)

4.6 Directory Assistance Service

4.6.1 General

A customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service. A customer can also receive assistance by writing the Company with a list of names and addresses for which telephone numbers are desired.

4.6.2 Regulations

A Directory Assistance Charge applies for each telephone number, area code and/or general information requested from the Directory Assistance operator except as follows:

- 1) Calls from coin telephones, including COCOTS;
- 2) Requests for telephone numbers of non-published service;
- 3) Requests in which the Directory Assistance operator provides an incorrect number. The customer must inform the Company of the error in order to receive credit; or
- 4) Requests, up to a maximum of 50 requests per month, from individuals with certified visual or physical handicaps in which the handicap prevents the use of a local directory.

4.6.3 Rates

Unless one of the exceptions listed above applies, the charges as shown below apply for each request made to the Directory Assistance operator:

	<u>Minimum</u>	<u>Maximum</u>
Direct Dial - Local DA	\$ 0.01	\$ 5.00
Direct Dial - National DA	\$ 0.01	\$ 5.00
Operator Dial - Local DA	\$ 0.01	\$ 5.00
Directory Assistance Call Completion	\$ 0.01	\$ 5.00

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4. SUPPLEMENTAL SERVICES (cont'd)

4.7 Local Operator Service

Local calls may be completed or billed with the live or mechanical assistance by the Company's operator center. Calls may be billed collect to the called party, to an authorized third party number, to the originating line, or to a valid authorized calling card. Local calls may be placed on a station-to-station basis or to a specified party (see Person to Person), or designated alternate. Usage charges for local operator assisted calls are those usage charges that would normally apply to the calling party's service. In addition to usage charges, an operator assistance charge applies to each call:

	<u>Minimum</u>	<u>Maximum</u>
Station-to-Station	\$ 0.01	\$ 2.50
Person-to-Person	\$ 0.01	\$ 4.80

4.8 Reserved for Future Use

4. SUPPLEMENTAL SERVICES (cont'd)

4.9 Blocking Service

4.9.1 General

Blocking service is a feature that permits customers to restrict access from their telephone line to various discretionary services. The following blocking options are available to business customers:

- 1) 900,700 Blocking - allows the subscriber to block all calls beginning with the 900 and 700 prefixes (i.e., 900-XXX-XXXX) from being placed;
- 2) 900,971,974 & 700 Blocking - allows the subscriber to block all calls beginning with the 900,971, 974 and 700 prefixes from being placed;
- 3) Third Number Billed and Collect Call Restriction - provides the subscriber with a method of denying all third number billed and collect calls to a specific telephone number provided the transmitting operator checks their validation data base;
- 4) Toll Restriction (1+ and 0+ Blocking) - provides the subscriber with local dialing capabilities but blocks any customer-dialed call that has a long distance charge associated with it;
- 5) Toll Restriction Plus - provides subscribers with Toll Restriction, as described in part 4 of this section; and
- 6) Direct Inward Dialing Blocking (Third Party and Collect Call) - provides business customers who subscribe to DID service to have Third Party and Collect Call Blocking on the number ranges provided by the Company.

4.9.2 Regulations

- A. The Company will not be liable for any charge incurred when any long distance carrier or alternative operator service provider accepts third number billed or collect calls.
- B. Blocking Service is available where equipment and facilities permit.

4. SUPPLEMENTAL SERVICES (cont'd)

4.9 Blocking Service (cont'd)

4.9.3 Rates and Charges

A. Recurring and Nonrecurring Charges

The following rates and charges are in addition to all other applicable rates and charges for the facilities furnished.

	<u>Nonrecurring Charge, Per Line</u>	
	<u>Minimum</u>	<u>Maximum</u>
900 and 700 Blocking		
Business (up to 200 lines)	\$ 0.01	\$10.00
900, 971, 974 and 700 Blocking		
Business (up to 200 lines)	\$ 0.01	\$10.00

The nonrecurring charge for initial request of one and two-line business customers is waived for 90 days from the customer's service establishment date.

4. SUPPLEMENTAL SERVICES (cont'd)

4.9 Blocking Service (cont'd)

4.9.3 Rates and Charges (cont'd)

A. Recurring and Nonrecurring Charges (cont'd)

	<u>Nonrecurring Charge, Per Line</u>	
	<u>Minimum</u>	<u>Maximum</u>
Third Number Billed and Collect Call Restriction Business (up to 200 lines)	\$ 0.01	\$ 15.00
Toll Restriction Business (up to 200 lines)	\$ 0.01	\$ 15.00
Toll Restriction Plus Business (up to 200 lines)	\$ 0.01	\$ 15.00
Direct Inward Dialing Blocking (Third Party and Collect Call)		
Initial Activation	\$ 0.01	\$50.00
Subsequent Activation (per line)	\$ 0.01	\$15.00

B. Pricing for Blocking Service for a business customer with more than 200 lines will be based on the cost incurred by Company to provide the service.

C. Connection charges apply as specified in Section 3 of this Tariff.

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4. SUPPLEMENTAL SERVICES (cont'd)

4.10 Reserved for Future Use

4.11 Customer Requested Service Suspensions

At the request of the customer the Company will suspend incoming and outgoing service on the customer's access line for a period of time not to exceed one year. The equipment is left in place and directory listings are continued during the suspension period without charge. At the customer's request the Company will provide the customer with an intercept recording referring callers to another number.

The Company will assess a lower monthly rate for Customer Requested Service Suspension as noted below. However, any mileage charges, monthly cable charges or monthly construction charges are still due, without reduction during the period of suspension.

<u>Period of Suspension</u>	<u>Charge</u>
First Month or Partial Month	Regular Monthly Rate (no reduction)
Each Additional Month (up to the one year limit)	Regular Monthly Rate

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5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates (cont'd)

5.2.1 Local Business Line Service (cont'd)

B. Message Rate Local Business Line Service

1) Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 8.

C. Flat Rate Local Business Line Service

1) Description

Calls to points within the local exchange area are charged a base monthly charge only. Local calling areas are as specified in Section 8.

D. Recurring and Nonrecurring Charges

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line during the billing period. Nonrecurring Connection charges apply as described in Section 3 of this Tariff.

	<u>Minimum</u>	<u>Maximum</u>
Local Business Line Service with Touch Tone (Single Line Access Area D)	\$ 0.01	\$ 30.00
Local Business Line Service with Touch Tone (Multi-Line with Hunting Access Area D)	\$ 0.01	\$ 30.00

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5. BUSINESS NETWORK SWITCHED SERVICES

5.1 General

Business Network Switched Services provide business customers with a connection to the Company's switching network, which enables the customer to:

- 1) Receive calls from other stations on the public switched telephone network;
- 2) Access the Company's local calling service;
- 3) Access the Company's local service; and
- 4) Access the service of providers of interexchange service. A customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10 XXX).

Business Network Switched Services are provided via one or more channels terminated at the customer's premises. Each Business Network Switched Service channel corresponds to one or more analog, voice-grade telephonic communications channels that can be used to place or receive one call at a time.

Connection charges as described in Section 3 apply to all service on a one-time basis unless waived pursuant to this Tariff.

5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates

The following Business Access Service Options are offered:

Local Business Line Service	Teleconferencing
Business Trunks	Voice Messaging
DID Trunks	Auto Attendant
T-1 Service with DID	Long Distance
ISDN PRI	Toll Free
Integrated Voice/Data	

Local Business Line Service, Business Trunks are offered with message and flat rate local service.

All Business Network Switched Service may be connected to customer-provided terminal equipment such as station sets, key systems, PBX systems or facsimile machines. Service may be arranged for two-way calling only or outward calling only. Optional Voice Mail Service is available.

5.2.1 Local Business Line Service

A. General

Local Business Line Service provides a customer with a one or more analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Local calling service is available at an on usage basis. Local Business Lines are provided for connection of customer-provided single-line terminal equipment such as station sets or facsimile machines.

Each Local Business Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Types:	Dual tone Multi Frequency (DTMF).
- Directionality:	Two-Way, In-Only or Out-Only, at the option of the customer

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5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates (cont'd)

5.2.2 Business Trunk Service

A. General

Analog PBX trunks are provided for connection of customer-provided PBX terminal equipment. Analog trunks are delivered on a DSO level and digital trunks are delivered at the DS1 level. All trunks are equipped with multiline hunting.

DID service allows callers to reach the called party without going through a PBX attendant. DOD service allows end users to dial outside of a PBX system without going through the PBX attendant to get access to an outside line. Digital trunks cannot be two-way trunks, but must be ordered as with either Direct Inward Dialing (DID) or Direct Outward Dialing (DOD).

For DID configured PBX trunks, additional charges apply for Direct Inward Dial Station numbers.

Each Analog Trunk has the following characteristics:

Terminal Interface:	2-wire or 4-wire, as required for the provision of service
Signaling Type:	Loop, Ground, E&M I, II, III
Pulse Type:	Dual Tone Multi-Frequency (DTMF).
Directionality:	In-Coming Only (DID), Out-Going Only (DOD), or Two-Way

B. Message Rate Analog Business Trunks

1) Description

Message Rate Analog Business Trunks provide the customer with a single, analog, voice grade telephonic communications channel which can be used to place or receive one call at a time. Local calls on two-way trunks and DOD trunks are billed on a usage basis. DID trunks are arranged for one-way inward calling only.

C. Flat Rate Local Business Line Service

2) Description

Calls to points within the local exchange area are charged a base monthly charge only. Local calling areas are as specified in Section 8.

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5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates (cont'd)

5.2.2 Business Trunk Service (cont'd)

D. Recurring and Nonrecurring Charges

Nonrecurring connection charges apply as described in Section 3 of this Tariff. Charges for each Message Rate Business Trunk include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's lines based on the duration of calls during the billing period, found in Section 9 of this Tariff. Local calling areas are as specified in Section 8.

	<u>Minimum</u>	<u>Maximum</u>
Business Trunk with Touch Tone	\$ 0.01	\$30.00

5.2.3 DID Trunk

A. Description

The Basic Business DID Trunk provides a customer with a single, analog, voice-grade telephonic communications channel which can be used to receive one call at a time.

DID Trunk is furnished subject to the availability of facilities.

B. Standard Features

Each DID Trunk will be provided with the following standard features:

DID
TT, DD, MF signaling
Trunk Group Hunting

C. DID Telephone Numbers

Groups of 20, 50 or 100

5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates (cont'd)

5.2.4 T-1 Service with DID

A. Description

T-1 Service with DID provides a digital path from a suitably equipped central office to a customer's digital PBX, allowing access to and from the exchange and toll network via exchange trunk lines, and other network access lines, including DID capability.

A 1.544 Mbps transmission channel providing two-way transmission for a capacity of up to 24 trunk connections connects a customer's premises with the switched public telephone network.

T-1 Service with DID is furnished subject to the availability of facilities

5.2.5 ISDN PRI

A. Description

ISDN PRI is a service provided over T-1 point-to-point line facilities. It enhances the capabilities of a basic digital trunk facility by allowing customers to control the individual channels of the T1 pipe. Channels of the T1 pipe may be used as 23 voice grade lines (B channels) plus one active D channel to control multiple 24-channel ISDN PRI's, through the use of appropriate premises equipment. Customers can bond multiple channels together to create high bandwidth (384kb/s, 78Kb/s, etc.) dial-up data channels.

ISDN PRI is furnished subject to the availability of facilities.

5.2.6 Integrated Voice/Data

A. Description

Integrated Voice/Data is a service provided over a digital T-1. It enhances the capabilities of a basic digital trunk facility by allowing customers to control the individual channels of the T-1 pipe. The channels of the pipe may be used as a voice grade product and up to 768 Kbps bandwidth for data transmission, depending on the customers equipment and needs.

Integrated Voice/Data may be divided up between voice grade products and bandwidth, although bandwidth cannot exceed 768 Kbps. An example of the divide would be 12 voice grade lines and 768 Kbps of high bandwidth.

Integrated Voice/Data is offered subject to the availability of facilities.

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5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates (cont'd)

5.2.7 Voice Messaging

A. Description

Voice Messaging is a service that incoming callers can leave messages when the called party is unavailable. Citynet's Voice Messaging service is provided from the Citynet Central Office, which means back up and redundant power systems and the capability to grow with your business.

Citynet's basic Voice Messaging service package includes Messaging Waiting Indication, Remote Mailbox Access, Deleted Message Bin, and Message Sending. The enhanced package includes all of those features plus Group Messaging, Future Delivery Messages, and Voice Mail Notification features. With either package, messages may be retrieved either locally or remotely.

5.2.8 Auto Attendant

A. Description

Auto Attendant service provides flexible, reliable automated-call-handling capabilities to subscribers.

Citynet's Auto Attendant service delivers:

- Clear, high-speed communications
- Service management and monitoring 24 hours per day, seven days per week
- Single point of contact for customer support through a toll-free number
- Simple, competitive pricing

5.2.9 Long Distance

A. Description

Citynet's Switched LD offers simple low flat rates on interstate and intrastate calls with no monthly recurring or minimum usage charges. With Direct Dial service you can place 1+ outbound calls to anywhere in the U.S. and to over 200 international locations. Citynet offers Account Codes that offer additional security and assistance in managing expenses.

Switched LD includes comprehensive 24x7 network management, operator services, and directory assistance.

5. BUSINESS NETWORK SWITCHED SERVICES (cont'd)

5.2 Service Descriptions and Rates (cont'd)

5.2.10 Toll Free

A. Description

Toll Free service provides toll-free access to your business from anywhere in the United States or Canada.

Citynet's Toll Free service has options such as:

Call Origination- Accept or block calls from a specific state, area code or LATA.

Call Routing- re-routing calls by:

Location

Percentage of incoming calls

Time of day

Day of week

Day of year

Emergency or other situation

5.2.11 Teleconferencing

A. Description

Citynet Teleconferencing in conjunction with LeaderPhone™ offers 24x7x365 conference calling that is controlled from a browser or palm device.

9.5 cents per Minute, per Caller

No Set Up or Cancellation Fees

Includes Long Distance Charges and Taxes

Available 24 by 7 by 365

Up to 55 Participants per call

6. SPECIAL SERVICES AND PROGRAMS

6.1 Universal Emergency Telephone Number Service

Universal Emergency Telephone Number Service (9-1-1 Service) is an arrangement of Company central office and trunking facilities whereby any telephone user who dials the number 911 will reach the emergency report center for the telephone from which the number is dialed or will be routed to an operator if all lines to an emergency report center are busy. If no emergency report center customer exists for a central office entity, a telephone user who dials the number 911 will be routed to an operator. The telephone user who dials the 911 number will not be charged for the call.

6.2 Relay Service

6.2.1 General

The Company will provide access to a telephone relay center for Relay Service. The service permits telephone communications between hearing and/or speech impaired individuals who must use a Telecommunications Device for the Deaf (TDD) or a Teletypewriter (TTY) and individuals with normal hearing and speech. The Relay Service can be reached by dialing an 800 number. Specific 800 numbers have been designed for both impaired and non-impaired customers to use.

6.2.2 Regulations

- A. Only intrastate calls can be completed using the Relay Service under the terms and conditions of this Tariff.
- B. Charges for calls placed through the Relay Service will be billed as if direct distance dialed (DDD) from the point of origination to the point of termination. The actual routing of the call does not affect billing.
- C. Calls through the Relay Service may be billed to a third number only if that number is within the State. Calls may also be billed to calling cards issued by the Company or other carriers who may choose to participate in this service.
- D. The following calls may not be placed through the Relay Service:
 - 1) Calls to informational recordings and group bridging service;
 - 2) Calls to time or weather recorded messages;
 - 3) Station sent paid calls from coin telephones; and
 - 4) Operator-handled conference service and other teleconference calls.

Issued: August 27, 2003

Effective: August 27, 2003

Filed under authority by Order of the Arizona Public Service Commission in Case No. 03-573-TP-TRF

James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

6. SPECIAL SERVICES AND PROGRAMS (cont'd)

6.2 Relay Service

6.2.3 Liability

The Company contracts with an outside provider for the provision of this service. The outside provider has complete control over the provision of the service except for the facilities provided directly by the Company. In addition to other provisions of this Tariff dealing with liability, in the absence of gross negligence or willful misconduct on the part of the Company, the Company shall not be liable for and the customer, by using the service, agrees to release, defend and hold harmless for all damages, whether direct, incidental or consequential, whether suffered, made, instituted or asserted by the customer or by any other person, for any loss or destruction of property whatsoever, whether covered by the customer or others, or for any personal injury to or death of, any person. Notwithstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary or punitive damages of any nature whatsoever.

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Columbus, OH 43215

7. SPECIAL ARRANGEMENTS

7.1 Special Construction

7.1.1 Basis for Charges

Basis for Charges where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company (including return) and may include:

- 1) Nonrecurring charges;
- 2) Recurring charges;
- 3) Termination liabilities; or
- 4) Combinations of 1), 2) and 3).

7.1.2 Basis for Cost Computation

The costs referred to in 7.1.1 preceding may include one or more of the following items to the extent they are applicable:

- 1) Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
 - a) Equipment and materials provided or used;
 - b) Engineering, labor and supervision;
 - c) Transportation; and
 - d) Rights of way and/or any required easements.
- 2) Cost of maintenance;
- 3) Depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage;
- 4) Administration, taxes and uncollectible revenue on the basis of reasonable average cost for these items;
- 5) License preparation, processing and related fees;
- 6) Tariff preparation, processing and related fees;
- 7) Any other identifiable costs related to the facilities provided; or
- 8) An amount for return and contingencies.

8. LOCAL CALLING AREAS

8.1 Exchange Definition

The Company offers Local Exchange Service within Arizona and concurs in the filed exchange areas and exchange maps of the incumbent local exchange carrier.

8.2 Local Calling Area

Each customer shall have the local calling area of the normal exchange in which the customer is located.

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Columbus, OH 43215

7. SPECIAL ARRANGEMENTS (cont'd)

7.1 Special Construction (cont'd)

7.1.3 Termination of Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of a customer.

- A. The period on which the termination liability is based is the estimated service life of the facilities provided.
- B. The amount of the maximum termination liability is equal to the estimated amounts (including return) for:
 - 1) Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
 - a) Equipment and materials provided or used;
 - b) Engineering, labor and supervision;
 - c) Transportation; and
 - d) Rights of way and/or any required easements.
 - 2) License preparation, processing and related fees;
 - 3) Tariff preparation, processing and related fees;
 - 4) Cost of removal and restoration, where appropriate; and
 - 5) Any other identifiable costs related to the specially constructed or rearranged facilities.
- C. The termination liability method for calculation the unpaid balance of a term obligation is obtained by multiplying the sum of the amounts determined as set forth in Section 7.1.3.B. preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in Section 7.1.3.B. preceding shall be adjusted to reflect the redetermined estimated net salvage, including any reuse of the facilities provided. This amount shall be adjusted to reflect applicable taxes.

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Columbus, OH 43215

7. SPECIAL ARRANGEMENTS (cont'd)

7.2 Non-Routine Installation and/or Maintenance

At the customer's request, installation and/or maintenance may be performed outside the Company's regular business hours, or (in the Company's sole discretion and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material and other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays and/or night hours, additional charges may apply.

7.3 Individual Case Basis (ICB) Arrangements

In special situations, and subject to Commission review and approval, rates for specialized services will be determined on an Individual Case Basis and specified by contract between the Company and the customers. Any such contract will be filed with the Commission.

9. ADDITIONAL RATES AND CHARGES

9.1 Non-recurring Charges

9.1.1 Service Charges

Business Installation - per line/trunk	\$ 33.00
Business Installation - per PRI	\$ 1500.00
Business Installation - Voice Messaging	\$ 19.95
Auto Attendant per menu 1-5	\$ 100.00
Auto Attendant per menu 6-12	\$ 200.00
Auto Attendant per menu 13-25	\$ 300.00
Account Codes - per table	\$ 10.00
Change Grade or Class of Service	\$ 35.00
Change Telephone Number	\$ 35.00
Restore Service - For Non-pay	\$ 35.00
Add/Change Directory Listing	\$ 20.00
Add/Change Feature(s)	\$ 20.00
Change Hunt Group Arrangement	\$ 20.00
Change Billing Name	\$ 20.00
Change Call Forwarding	\$ 20.00
Custom Number Request	\$ 20.00
Bad Check Charge	\$ 15.00

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343 North Front Street
Columbus, OH 43215

9. ADDITIONAL RATES AND CHARGES (cont'd)

9.2 Supplemental Services

9.2.1 Custom Calling Features

Call Transfer	\$ 2.50
Caller ID Name & Number	\$ 10.00
Caller ID Name	\$ 8.00
Caller ID Number	\$ 7.50

9.3 RESERVED FOR FUTURE USE

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Columbus, OH 43215

9. ADDITIONAL RATES AND CHARGES (cont'd)

9.4 Directory Services

9.4.1 Directory Assistance

Allowance Before Usage Charges Apply - per line \$ 2.00

9.4.2 Directory Listings

Additional Listings	\$ 1.00
Alternate Listing	\$ 1.00
Non-Published Listing	\$ 1.00
Non-Listed Service	\$ 1.00
Foreign Listing	\$ 1.00
Extra Line Listing	\$ 1.00
Bold Directory Listing	\$ 1.00

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343 North Front Street
Columbus, OH 43215

9. ADDITIONAL RATES AND CHARGES (cont'd)

9.5 Business Network Switched Services

9.5.1 Other Charges

Remote Line Service	\$15.00
Late Payment Charge (Rated to Unpaid Balance)	1.5%
Seasonal Suspend	
50% of Normal Monthly Recurring	
Calling Plan Rate	50%
50% of Normal Federal Line Charge	
(NAC, EUCL, SLC)	50%

9.5.2 Blocking Services

Toll Restriction	\$10.00
Blocking - 540, 550, 700, 900, 910, 920, 970 & 976	N/C
Selective Call Blocking	\$ 2.00
All Call Blocking	N/C
Per Call Blocking	\$ 2.00

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James R.J. Martin II, President
343 North Front Street
Columbus, OH 43215

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October 23, 2003

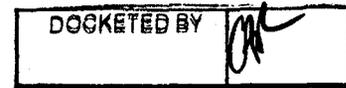
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AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

OCT 24 2003



Mr. Adam Lebrecht
Executive Consultant I
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ

Re: Citynet Arizona, LLC (the "Citynet")
Docket No.

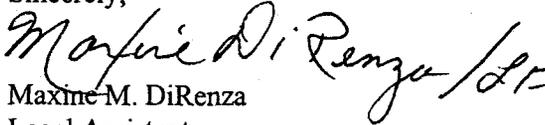
Dear Adam: T-04201A-03-0552

This letter follows our recent conversations concerning your letter dated August 11, 2003, regarding the Staff's Letter of Sufficiency and First Set of Data Requests for the Company (the "Data Requests") and is supplemental to my letter to you of September 16, 2003.

1. An original and thirteen copies of the financial information required under Item (B-2) of the application and in the Data Requests of August 11, 2003 is enclosed. Please note that this financial information is the Forecasted Balance Sheet for the period January 1, 2003 to December 31, 2003, December 31, 2004 and December 31, 2005 of the parent company of Citynet Arizona, LLC, Citynet Holdings, LLC and demonstrates that Citynet Arizona, LLC will be financially sound and stable through the next three (3) years.

If you have any questions or require any additional information, please do not hesitate to call Steven P. Hershey, Esquire of our firm (215) 851-8421 or me. Thank you for your assistance and courtesy.

Sincerely,


Maxine M. DiRenza
Legal Assistant

MMD/

cc: Docket Control
Arizona Corporation Commission
129 W, Washington Street
Phoenix, AZ 85007-2927

Steven P. Hershey, Esquire

Maxine M. DiRenza
215-851-8432
mmd@escm.com
M0431823

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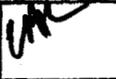
Arizona Corporation Commission

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T-04201A-03-0552

CITYNET HOLDING, LLC

FORECASTED FINANCIAL STATEMENTS
(Compiled)

January through December 31, 2003 and December 31, 2004 and 2005

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To the Members
Citynet Holding, LLC
Bridgeport, West Virginia

We have compiled the accompanying forecasted balance sheets of Citynet Holding, LLC as of January through December 31, 2003 and December 31, 2004 and 2005, and the related statements of forecasted income, members' equity (deficit), and cash flows for the twelve month ending December 31, 2003 and the three years ending December 31, 2003, 2004, and 2005, and the accompanying supplemental information, which is presented only for supplemental analysis purposes, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecasts and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

As discussed in Note 2, the forecast takes into account events and circumstances that were not anticipated at March 24, 2003, the date a previous forecast was issued for the same periods, and that forecast should no longer be relied on. We previously compiled and, on March 24, 2003 reported on the previous forecast. Our report on that forecast is withdrawn and should no longer be relied on for any purpose.

Toothman Rice, PLLC

Clarksburg, West Virginia
June 2, 2003

Chynet Holding, LLC
 Forecasted Balance Sheets
 January 31, 2003 through December 31, 2003,
 December 31, 2004 and December 31, 2005

ASSETS	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	December 2004	December 2005
CURRENT ASSETS														
Cash														
Trade accounts receivable														
Construction deposits														
Total current assets	\$ 655,983	\$ 468,042	\$ 234,151	\$ 254,296	\$ 215,654	\$ 407,128	\$ 2,690,613	\$ 2,282,017	\$ 1,768,569	\$ 845,639	\$ 523,737	\$ 952,263	\$ 2,150,629	\$ 21,510,204
PROPERTY AND EQUIPMENT, at cost														
Fiber network														
Buildings														
Leasehold improvements														
Vehicles														
Office furniture and equipment														
Less accumulated depreciation														
OTHER ASSETS														
Other accounts receivable														
Other assets														
	\$ 10,004,630	\$ 21,694,866	\$ 21,338,762	\$ 21,255,494	\$ 21,222,039	\$ 21,420,300	\$ 23,877,072	\$ 23,303,763	\$ 22,540,592	\$ 21,868,449	\$ 21,757,834	\$ 22,472,747	\$ 24,868,708	\$ 48,660,379

SEE ACCOUNTANTS' COMPILATION REPORT
 The accompanying notes are an integral part of these forecasted financial statements
 Page 1 of 30

Chynet Holding, LLC
 Forecasted Balance Sheets
 January 31, 2003 through December 31, 2003,
 December 31, 2004 and December 31, 2005

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	December 2004	December 2005
Blank line of credit borrowings														
Current portion of long-term notes payable														
Short-term note payable	12,041,425	12,041,425	12,076,932	12,112,439	12,147,946	12,183,453	1,891,211	1,900,667	1,910,171	1,919,722	1,929,221	1,938,668	2,058,558	2,185,528
Trade accounts payable	205,963	247,630	291,080	327,424	373,768	420,112	475,658	522,620	570,082	617,536	664,990	710,908	758,362	805,816
Accrued agency fees							4,000	54,500	96,000	147,500	199,000	250,500	302,000	353,500
Account payable Chynet, LLC	3,407,528	3,424,563	3,441,600	3,758,865	4,077,689	4,698,078							652,806	1,050,305
Account payable H-3													232,780	239,783
Total current liabilities	3,613,489	15,713,618	15,809,699	19,192,788	18,653,059	17,305,460	2,370,869	2,577,787	2,632,363	2,646,486	2,721,657	2,740,876	2,944,144	3,475,596
Long-term portion of notes payable														
Construction accounts payable	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	22,858,238	22,793,468	22,629,864	22,465,482	22,300,259	22,134,208	19,808,770	17,712,949
Note payable Jim Hyland	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637	2,272,637
MEMBERS' EQUITY (DEFICIT)	4,118,504	3,708,411	3,288,427	2,868,071	2,399,343	1,842,153	(9,622,872)	(4,340,129)	(4,994,292)	(6,519,189)	(6,538,719)	(4,874,874)	(258,643)	25,199,197
	\$ 10,004,630	\$ 21,694,686	\$ 21,338,762	\$ 21,255,494	\$ 21,222,039	\$ 21,420,300	\$ 23,977,072	\$ 23,303,763	\$ 22,540,692	\$ 21,869,448	\$ 21,757,834	\$ 22,472,747	\$ 24,666,708	\$ 49,990,378

SEE ACCOUNTANTS' COMPILATION REPORT
 The accompanying notes are an integral part of these forecasted financial statements
 Page 2 of 30

Citynet Holding, LLC
 Forecasted Statements of Income
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Operating revenue	\$ 309,963	\$ 351,630	\$ 395,080	\$ 18,600	\$ 67,200	\$ 68,800	\$ 183,800	\$ 289,800	\$ 328,800	\$ 486,700	\$ 632,800	\$ 673,900	\$ 2,667,000	\$ 16,659,685	\$ 34,970,044
Operating expenses	(209,863)	(351,630)	(395,080)	(379,452)	(359,824)	(487,258)	(428,358)	(593,220)	(630,892)	(399,164)	(398,659)	(941,008)	(7,456,393)	(12,101,811)	(13,489,949)
Income (loss) from operations	\$ 90,100	\$ -	\$ -	\$ -	\$ 7,376	\$ 19,542	\$ 141,442	\$ 136,580	\$ 197,908	\$ 87,536	\$ 234,141	\$ 732,892	\$ 1,210,607	\$ 4,557,874	\$ 21,480,095
Other income (expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	(18,853)	(58,483)	(56,904)	(56,904)	(56,904)	(56,904)	(125,000)	(124,237)	(123,471)	(122,700)	(121,878)	(121,148)	(1,041,513)	(1,381,644)	(1,272,054)
Gain from the sale of property and equipment	(18,853)	(58,483)	(56,904)	(56,904)	(56,904)	(56,904)	(125,000)	(124,237)	(123,471)	(122,700)	(121,878)	(121,148)	(1,041,513)	(1,381,644)	(1,272,054)
Interest expense	\$ (228,916)	\$ (410,093)	\$ (451,864)	\$ (436,356)	\$ (423,728)	\$ (554,160)	\$ (653,359)	\$ (717,457)	\$ (654,163)	\$ (521,864)	\$ (20,562)	\$ 861,744	\$ (4,209,699)	\$ 4,416,130	\$ 28,495,041
Net income (loss)	\$ (228,916)	\$ (410,093)	\$ (451,864)	\$ (436,356)	\$ (423,728)	\$ (554,160)	\$ (653,359)	\$ (717,457)	\$ (654,163)	\$ (521,864)	\$ (20,562)	\$ 861,744	\$ (4,209,699)	\$ 4,416,130	\$ 28,495,041

SEE ACCOUNTANTS COMPILATION REPORT
 The accompanying notes are an integral part of these forecasted financial statements

Chymet Holding, LLC
 Forecasted Statements of Members' Equity
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Jim Hyland, beginning	\$ (468,077)	\$ (564,152)	\$ (687,180)	\$ (822,775)	\$ (863,882)	\$ (1,080,800)	\$ (1,247,048)	\$ (1,413,055)	\$ (1,628,282)	\$ (1,824,541)	\$ (1,987,289)	\$ (1,987,289)	\$ (1,728,745)	\$ (1,728,745)	\$ (403,807)
Net income (loss)	(98,075)	(123,028)	(135,685)	(130,907)	(127,118)	(166,246)	(166,007)	(215,237)	(186,248)	(186,569)	(8,189)	258,523	(1,282,868)	1,324,839	7,837,412
(Distributions) contributions	(584,152)	(687,180)	(822,775)	(863,882)	(1,080,800)	(1,247,048)	(1,413,055)	(1,628,282)	(1,824,541)	(1,987,289)	(1,987,289)	(1,728,745)	(1,728,745)	(403,807)	7,233,505
Jim Hyland, ending	4,911,487	4,692,656	4,395,891	4,079,202	3,773,753	3,477,143	3,089,231	2,709,817	2,311,837	1,916,751	1,535,036	1,149,449	761,487	369,677	145,064
Chymet, LLC, beginning	(228,841)	(287,065)	(316,389)	(305,449)	(296,610)	(287,912)	(287,912)	(287,912)	(287,912)	(287,912)	(287,912)	(287,912)	(287,912)	(287,912)	(287,912)
Net income (loss)	4,692,656	4,395,891	4,079,202	3,773,753	3,477,143	3,089,231	2,709,817	2,311,837	1,916,751	1,535,036	1,149,449	761,487	369,677	145,064	
(Distributions) contributions															
Chymet, LLC, ending	\$ 4,118,804	\$ 3,708,411	\$ 3,256,427	\$ 2,820,071	\$ 2,396,343	\$ 1,942,183	\$ 1,472,872	\$ 982,672	\$ 434,129	\$ (13,516,155)	\$ (5,536,719)	\$ (4,674,974)	\$ (4,674,974)	\$ (258,843)	\$ 25,196,197
Total members' equity															

SEE ACCOUNTANTS' COMPILATION REPORT
 The accompanying notes are an integral part of these forecasted financial statements
 Page 4 of 30

CITYNET HOLDING, LLC
(A Limited Liability Company)

Forecasted Statements of Cash Flows
For the Twelve Months and Three Years Ending
December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES															
Net income (loss)	\$ 1,089	\$ (246,413)	\$ (481,984)	\$ (436,366)	\$ (423,728)	\$ (554,160)	\$ (553,358)	\$ (717,457)	\$ (654,163)	\$ (521,864)	\$ (20,862)	\$ 861,744	\$ (4,208,898)	\$ 4,416,130	\$ 25,458,041
Adjustments to reconcile net income (loss) to net cash provided by operating activities:															
Depreciation and amortization															
(Increase) decrease in assets															
Trade accounts receivable															
Increase (decrease) in liabilities															
Accrued agency fees															
Trade accounts payable															
Net cash provided by (used in) operating activities	\$ 205,963	\$ (41,687)	\$ 43,450	\$ 372	\$ 35,972	\$ 132,032	\$ 4,000	\$ 60,500	\$ 41,600	\$ (5,000)	\$ 95,672	\$ 9,572	\$ 91,000	\$ 141,780	\$ 6,983
	\$ 1,089	\$ (246,413)	\$ (481,984)	\$ (436,366)	\$ (423,728)	\$ (554,160)	\$ (553,358)	\$ (717,457)	\$ (654,163)	\$ (521,864)	\$ (20,862)	\$ 861,744	\$ (4,208,898)	\$ 4,416,130	\$ 25,458,041
CASH FLOWS FROM INVESTING ACTIVITIES															
Proceeds from the sale of property and equipment															
Decrease in other accounts receivable															
Accounts payable to Citynet, LLC															
Accounts payable H-3 Construction															
Purchase of property and equipment															
Net cash provided by (used in) investing	\$ (16,963)	\$ 17,038	\$ 17,123	\$ 317,208	\$ 318,794	\$ 620,388	\$ (4,898,078)	\$ 195,000	\$ 444,510	\$ -	\$ -	\$ -	\$ 444,510	\$ 195,000	\$ -
	\$ (88,959)	\$ (12,000,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ (12,480,000)	\$ (720,000)	\$ (720,000)
CASH FLOWS FROM FINANCING ACTIVITIES															
Line of credit activity															
Distributions to members															
Short-term notes payable activity															
Long-term bank borrowing activity															
Net cash provided by (used in) financing activities	\$ (33,853)	\$ 12,041,425	\$ 35,507	\$ 35,507	\$ 35,507	\$ 35,507	\$ 7,788,006	\$ (153,314)	\$ (154,060)	\$ (154,851)	\$ (155,625)	\$ (156,403)	\$ 24,039,323	\$ (2,105,649)	\$ (2,089,851)
	\$ (101,782)	\$ (197,860)	\$ (233,891)	\$ 20,146	\$ (38,642)	\$ 191,473	\$ 2,483,485	\$ (608,666)	\$ (613,446)	\$ (622,620)	\$ (321,902)	\$ 428,628	\$ 194,589	\$ 1,199,286	\$ 19,366,676
Cash	\$ 757,775	\$ 655,893	\$ 468,043	\$ 234,152	\$ 254,297	\$ 215,655	\$ 407,129	\$ 2,690,614	\$ 2,292,018	\$ 1,786,570	\$ 845,640	\$ 523,738	\$ 797,775	\$ 852,364	\$ 2,190,628
Beginning	\$ 655,893	\$ 468,043	\$ 234,152	\$ 254,297	\$ 215,655	\$ 407,129	\$ 2,690,614	\$ 2,292,018	\$ 1,786,570	\$ 845,640	\$ 523,738	\$ 952,364	\$ 952,364	\$ 2,150,628	\$ 21,510,205
Ending															

SEE ACCOUNTANTS COMPILATION REPORT
The accompanying notes are an integral part of these forecasted financial statements
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NOTES TO FORECASTED FINANCIAL STATEMENTS

NOTE 1. NATURE OF PRESENTATION

These financial forecasts present, to the best of management's knowledge and belief, Citynet Holding, LLC (Citynet Holding) expected financial position, results of operations, and cash flows for the forecasted periods. Accordingly, the forecasts reflect management's judgment, as of June 2, 2003, the date of these forecasts, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

NOTE 2. ACQUISITIONS

This forecast assumes that Citynet Holding will retain assets and sell services in each of the cities acquired from Adelphia in February 2003.

Management of Citynet is in the process of reviewing a potential acquisition of assets from American Fiber Network (AFN). Management estimates that the purchase price of AFN will be \$16,000,000 and the purchase will close in September 2003.

NOTE 3. NATURE OF BUSINESS

Citynet Holding was formed in December 2002. Citynet Holding is a management company, which wholly owns Citynet Ohio, Citynet West Virginia, Citynet Pennsylvania, Citynet Indiana, Citynet Illinois, Citynet Tennessee, Citynet Texas, Citynet Arizona, and Citynet Kentucky. Citynet owns an 80% capital interest in Citynet Holding, with the exception of the activities of Citynet Ohio and Citynet Indiana, which Citynet owns 50%. The remaining ownership of Citynet Holding is held by Jim Hyland. For the purpose of these forecasted financial statements, management assumed that Citynet's weighted average profit and loss ownership of Citynet Holding was 70%.

Management is in the process of applying for a Competitive Local Exchange Carrier (CLEC) License so that Citynet Holding can provide voice, as well as, data services to customers. Citynet Holding's business plan is to provide voice and data services to customer as individual or bundled services.

NOTES TO FORECASTED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4. TRADE ACCOUNTS RECEIVABLE

Management estimates that on a monthly basis accounts receivables will consist of a month and half revenue. Management recognizes bad debt based on a direct write-off method; therefore, an allowance for doubtful accounts was not recorded in the forecasted balance sheets. Management estimates that bad debt expense will be 2% of revenue.

NOTE 5. OTHER ACCOUNTS RECEIVABLE

In 2002, management of Citynet Holding was considering acquiring another CLEC in Columbus, Ohio. In connection with the potential acquisition, Citynet Holding assisted the other company in obtaining certain network equipment. Management made the determination not to make the acquisition and is currently negotiating with the company for collection of the outstanding receivable. Management anticipates receiving the payment in full by August 2003.

NOTE 6. SHORT-TERM NOTE PAYABLE

In February 2003, Citynet Holding purchased assets from Adelpia out of Federal Bankruptcy Court. The total purchase price was approximately \$12,000,000 and was financed with a short-term note. Management anticipates paying the balance in full upon completion of a financing arrangement with a third party bank.

NOTE 7. CONSTRUCTION DEPOSITS

The account consists of deposits paid to the City of Columbus for permits to build the fiber network. Management has made the decision that if the deposits are not refunded prior to August 31, 2003, the deposits will be reclassified as part of the fiber network. Management anticipates that the deposits will not be refunded; therefore, a reclassification is reflected in August 31, 2003.

NOTES TO FORECASTED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8. PROPERTY AND EQUIPMENT

The account consists of the fiber network and related operating equipment. The assets are depreciated base on an accelerated method. Management estimated the incremental purchases that will be required to install a new customer. Currently, Citynet Holding has a fiber network in Columbus but is not in any of the buildings in Columbus. Therefore, the Citynet Holding will need to purchase equipment to provide service into the buildings. Citynet Holding will have to purchase equipment the first time they enter a building. For example, if a customer signs up for services and another company in the building is already receiving service from Citynet Holding, it will not be necessary to purchase any additional equipment. The equipment will be capitalized and management estimates that the costs will be recovered through revenue in the first twelve months of service. The estimated capital expenditures necessary to enter a building is approximately \$20,000. Management anticipates entering three building a month, starting in May 2003.

NOTE 9. OTHER ASSETS AND CONSTRUCTION ACCOUNTS PAYABLE

When Citynet Holding purchased Gateway there were certain payables that were in dispute. The prior owners of Gateway believe the payables would be resolved for significantly less than the amount recorded. As of December 31, 2002, the entire balance of the accounts payable was recorded on the financial statements of Citynet Holding. If the payables are resolved for less then the amount accrued, the difference would reduce Citynet Holding's fiber network account. Therefore, the amount of the disputed costs were removed from the network account and recorded as other assets in the accompanying forecasted balance sheets.

As part of the purchase price for Gateway, Citynet agreed to pay Jim Hyland \$1,000,000 through a note from Citynet Holding. The value of the note is based on the settlement of the disputed payable as agreed to by management. If the payables are not resolved the amount of the note is reduced by the difference in the disputed amount and the amount actually paid. In January 2003, the note balance was decreased to \$800,000. Management anticipates paying in excess of \$800,000 related to the disputed charges and therefore the note payable to Jim Hyland was not recorded in the accompanying forecasted balance sheets.

NOTE 10. ACCOUNTS PAYABLE

The account balance consists of certain monthly expenses as identified by management.

NOTES TO FORECASTED FINANCIAL STATEMENTS (CONTINUED)

NOTE 11. ACCOUNTS PAYABLE – H-3 CONSTRUCTION

The payables related to expense allocated from H-3 Constructions, wholly owned by Jim Hyland, for management services. The balance was paid in January 2003 and subsequent to January management recorded the related expense in the trade accounts payable.

NOTE 12. ACCOUNTS PAYABLE - CITYNET

The balance represents funding provided to Citynet Holding prior to the closing of the financing with a third party bank. The payable to Citynet is required to be paid prior to distributions to other owners. Management anticipates the balance will be paid upon closing of the financing arrangement with a third party.

NOTE 13. AGENCY PAYABLE

Management intends to use agencies to sell services, instead of an internal marketing department. The anticipated payment for the services is the first two months of new customer revenue. The forecast assumes that all new revenue is generated through agencies.

NOTE 14. NOTES PAYABLE

The account represents financing obtained from a third party. Management estimates that the financing will be obtained in June 2003. The proceeds from the financing will be used to pay Citynet for the funding provided to and investment in Citynet Holding. Management anticipates receiving a term note with a principal of \$25,000,000 that accrues month interest at 6.0% per annum, and matures in 10 years.

NOTES TO FORECASTED FINANCIAL STATEMENTS (CONTINUED)

NOTE 15. REVENUE

Residential Internet/Data - Citynet Holding will sell high speed Internet bandwidth services from speeds of 1 MB to 1 GIG. For the purpose of the forecast management has assumed that Citynet Holding will sell all the bandwidth at a speed T1 and 10 MEG for \$500 and \$2,000 per month, respectively. Starting in August 2003, management anticipates selling data services to a total of five new customers each month.

Colo - Co-location space is a product that is designed for companies that are looking for off-site equipment storage/maintenance and connectivity and do not want to make the investment to build their own equipment center. The product is generally sold by rack at a price of \$600 per month. Management projects to sell an average of one rack per month. Additionally, Citynet Holding has been in discussions with another company in which Citynet Holding will provide colo services at a rate of \$18,000 per month.

Voice Services - Citynet Holding's subsidiaries are in the process of obtaining their CLEC license, which will allow Citynet Holding to provide phone services to clients. Management anticipates the receipt of the license in August 2003. Upon receipt of the license, Citynet Holding will provide Intergrated T1 service. This product has 24 lines that can be used for voice and data services. This allows companies to choose between 1 and 24 lines that can be used for both incoming and outgoing calls. The remaining lines are used for Internet Access. The product sells for an average of \$600 per month and beginning in August 2003, management anticipates selling an average of 50 per month per market.

Citynet Holding will provide service to the following markets; Dallas, San Antonio, Austin, Phoenix, Tri-Cities of Tennessee, Chicago, Columbus, Cleveland, Toledo, Dayton, Indianapolis, and the state of West Virginia.

NOTE 16. TELECOMMUNICATIONS EXPENSE

Management's marketing focus is to sell products that can be serviced on Citynet Holding's network; therefore, limiting the costs the must be paid to third party carriers. The revenue generating voice customers will originate on Citynet Holding's network but it is likely that the call will be terminated on another carrier's network. Therefore, Citynet Holding would have to pay a termination fee to that carrier. The FCC requires that carriers pay reciprocal compensation for terminating each others calls. Therefore, Citynet Holding will generate revenue for terminating calls made to Citynet Holding customers. Management believes that the revenue generated will exceed the costs and therefore no revenue or related costs were included in the accompanying forecasted statement of income.

NOTES TO FORECASTED FINANCIAL STATEMENTS (CONTINUED)

NOTE 16. TELECOMMUNICATIONS EXPENSE (Continued)

Management anticipates having to obtain capacity for the customers that will be off Citynet Holdings network. The estimated cost is \$150 per customer per month. Citynet Holding is in the process of negotiating two rings; an Ohio/West Virginia ring and an Ohio/Indiana. The estimated cost associated with these rings is \$110,000 per month. However, upon the completion of the AFN purchase the \$110,000 will be paid to a related party.

NOTE 17. SALARIES AND PAYROLL EXPENSE

Management estimates that Citynet Holding will be able to operate on its current staffing level through July 2003. The current staff and pay levels are as follows:

Network Engineer	\$150,000
Asst Network Engineer	120,000
Asst Network Engineer	105,000
Splicer	66,000
Operating Officer	150,000
Admin Assistant	45,000
Switch Tec	70,000
Federal Regulation Admin	70,000
Sales Rep	110,000

In August 2003, management anticipates hiring two technicians and a general manager in five cities at a pay rate of \$70,000 and \$90,000, respectively. Additionally, management estimates an additional \$260,000 in salaries starting in 2004 for finance and general and administrative staff.

NOTE 18. PROPERTY RENT EXPENSE

Citynet Holding has three types of rental expense: co-locations, office space, and rent for the points of presence. Management anticipates entering into a multiple year lease in which the rent expense for the three will remain consistent from year to year.

NOTE 19. AGENCY EXPENSE

Citynet Holding has two types of marketing expense: internal and external. Management has estimated that the internal marketing department will incur \$20,000 per month and the expense will be consistent through 2005. Management estimates that the third party agencies will receive the first two months of new customer revenue and assumes all new sales will be agency generated.

NOTES TO FORECASTED FINANCIAL STATEMENTS (CONTINUED)

NOTE 20. OTHER OPERATING EXPENSE

Management estimated the other operating expenses based on the current level of expenses with an annual increase of 2%.

NOTE 21. SENSITIVITY ANALYSIS

The forecasted financial statements are obviously sensitive to estimates of the number of customers, the charges for rent and network expense, the fact the a CLEC license will be obtained, the company that is purchasing the portion of the Adelphia asset will be able to obtain the required financing, and the outstanding debt as of December 31, 2002 will be refinanced.

NOTE 22. ROUNDING

As the forecasted financial statements are computer generated, certain schedules may not sum to the first order digit due to internal rounding.

SUPPLEMENTAL INFORMATION

CITYNET HOLDING, LLC
(A Limited Liability Company)

Forecasted Financial Ratios
For the Twelve Months and Three Years Ending
December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Current ratio															
Net profit margin	0.21	0.04	0.02	0.02	0.02	0.04	1.38	1.07	0.85	0.72	0.68	0.96	0.96	2.15	8.99
Network expense to revenue	0.00%	0.00%	RDIV01	-2346.00%	-630.65%	-805.47%	-359.56%	-276.46%	-200.91%	-111.82%	-3.86%	127.87%	-163.98%	26.51%	66.33%
Payroll cost/revenue	0.00%	0.00%	RDIV01	440.86%	122.02%	118.19%	87.72%	60.40%	50.21%	38.48%	33.22%	27.27%	43.56%	16.85%	9.70%
	0.00%	0.00%	RDIV01				53.28%	66.21%	54.36%	37.93%	33.22%	26.27%	56.60%	14.31%	6.15%
Debt Service Coverage															
Net income	(326,916)	(410,093)	(451,964)	(438,356)	(423,726)	(654,180)	(553,368)	(717,467)	(664,183)	(621,864)	(20,862)	661,744	(4,206,896)	4,416,130	28,486,041
Interest	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	1,454,156	2,018,801
Amortization and depreciation	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	1,041,513	1,863,819
Rent	(127,950)	(189,617)	(213,067)	(197,439)	(189,811)	(300,243)	(231,349)	(321,207)	(258,679)	(127,151)	423,377	1,204,505	(388,227)	1,354,450	1,272,054
Subtotal	16,863	68,463	66,904	68,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	66,904	1,938,968	2,185,528
Current maturities of long-term debt	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	1,041,513	1,272,054
Interest	78,953	118,483	118,904	118,904	131,804	131,804	2,091,211	2,174,904	2,153,042	2,192,422	2,251,247	2,250,116	4,285,481	4,354,450	4,395,094
Rent	(1,66)	(1,43)	(1,82)	(1,69)	(1,29)	(2,28)	(0,11)	(0,15)	(0,12)	(0,06)	0,19	0,58	(0,09)	1,91	6,15
Subtotal															
Debt service coverage ratio															

SEE ACCOUNTANT'S COMPILATION REPORT

CITYNET HOLDING, LLC
(A Limited Liability Company)

Forecasted Schedule of Property and Equipment Additions
For the Twelve Months and Three Years Ending
December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	Year Ending December 2003	Year Ending December 2004	Year Ending December 31, 2005
Fiber network														
Buildings														
Leasehold improvements														
Vehicles														
Office furniture and equipment														
Equipment Additions														
Installation/buildings														
Estimated cost per month/year														
Equipment cost per month/year														
Network equipment														
Switch														
Other														
Total equipment additions														

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Schedule of Operating Revenue
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Voics															
Integrated T1															
Data															
T1 Internet															
10 Meg Internet															
ISP PRI															
CoLo Space															
AFN															
Rack															
Long-haul															
DS-1															
DS-3															
OC-3															
OC-12															
OC-48															
Projected customers															
WVU/NASA															
Cleveland School District															
Other															
Total revenue															
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	182,000	216,000	216,000
	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200	67,200
	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800	69,800
	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900	153,900
	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800	238,800
	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800	258,800
	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700	498,700
	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900	673,900
	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200	2,587,200
	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800	4,478,800
	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200	5,577,200

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Schedule of Operating Revenue
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2004	February 2004	March 2004	April 2004	May 2004	June 2004	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004	Year Ending December 31 2004
Voice													
Integrated T1	\$ 185,400	\$ 216,300	\$ 247,200	\$ 278,100	\$ 339,900	\$ 401,700	\$ 463,500	\$ 525,300	\$ 587,100	\$ 648,900	\$ 710,700	\$ 772,500	\$ 5,378,600
Data													
T1 Internet	77,250	90,125	103,000	115,875	128,750	141,625	154,500	208,000	257,500	309,000	360,500	412,000	2,358,125
10 Meg Internet	14,420	16,480	18,540	20,600	22,660	24,720	26,780	28,840	30,900	32,960	35,020	37,080	309,000
ISP PRI	13,390	14,420	15,450	16,480	17,510	18,540	19,570	20,600	21,630	22,660	23,690	24,720	228,660
CoLo Space													
AFN	18,540	18,540	18,540	18,540	18,540	18,540	18,540	18,540	18,540	18,540	18,540	18,540	222,480
Rack	6,000	6,600	7,200	7,800	8,400	9,000	9,600	10,200	10,800	11,400	12,000	12,600	111,600
Long-haul													
DS-1	19,570	22,680	25,750	28,840	31,930	35,020	38,110	41,200	44,290	47,380	50,470	53,560	438,780
DS-3	52,530	58,710	64,890	71,070	77,250	83,430	89,610	95,790	101,970	108,150	114,330	120,510	1,098,240
OC-3	61,800	72,100	82,400	92,700	103,000	113,300	123,600	133,900	144,200	154,500	164,800	175,100	1,421,400
OC-12	77,250	77,250	77,250	103,000	103,000	103,000	103,000	128,750	128,750	128,750	128,750	128,750	1,287,500
OC-48	154,500	154,500	154,500	208,000	208,000	208,000	208,000	257,500	257,500	257,500	257,500	257,500	2,575,000
Projected customers													
WVUNASA	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	46,350	568,200
Cleveland School District	56,000	57,000	58,000	59,000	60,000	61,000	62,000	63,000	64,000	65,000	66,000	67,000	798,000
Other	789,000	851,035	919,070	1,064,355	1,163,290	1,262,225	1,361,160	1,579,970	1,713,530	1,851,090	1,988,650	2,126,210	18,659,585
Total revenue	<u>\$ 789,000</u>	<u>\$ 851,035</u>	<u>\$ 919,070</u>	<u>\$ 1,064,355</u>	<u>\$ 1,163,290</u>	<u>\$ 1,262,225</u>	<u>\$ 1,361,160</u>	<u>\$ 1,579,970</u>	<u>\$ 1,713,530</u>	<u>\$ 1,851,090</u>	<u>\$ 1,988,650</u>	<u>\$ 2,126,210</u>	<u>\$ 18,659,585</u>

SEE ACCOUNTANT'S COMPILATION REPORT

Chynet Holding, LLC
 Forecasted Schedule of Operating Revenue
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005	Year Ending December 31 2005
Voice													
Integrated T1	\$ 859,329	\$ 922,983	\$ 988,837	\$ 1,050,291	\$ 1,113,945	\$ 1,177,599	\$ 1,241,253	\$ 1,304,907	\$ 1,368,561	\$ 1,432,215	\$ 1,495,869	\$ 1,559,523	\$ 14,513,112
Data													
T1 Internet	477,405	530,450	583,495	636,540	689,585	742,630	795,675	848,720	901,765	954,810	1,007,855	1,060,900	9,229,830
10 Meg Internet	40,314	42,436	44,558	46,680	48,801	50,923	53,045	55,167	57,289	59,410	61,532	63,654	623,809
ISP PRI	26,523	27,583	28,644	29,705	30,766	31,827	32,888	33,949	35,010	36,071	37,132	38,192	388,269
Cable Space													
AFN	19,096	19,096	19,096	19,096	19,096	19,096	19,096	19,096	19,096	19,096	19,096	19,096	229,154
Rack	13,200	13,800	14,400	15,000	15,600	16,200	16,800	17,400	18,000	18,600	19,200	19,800	198,000
Long-haul													
DS-1	56,350	61,532	66,715	71,898	77,081	82,263	87,446	92,628	97,811	102,994	108,177	113,359	910,252
DS-3	130,491	138,856	147,222	155,587	163,952	172,318	180,683	189,049	197,414	205,779	214,145	222,510	1,896,005
OC-3	190,962	201,571	212,180	222,789	233,398	244,007	254,616	265,225	275,834	286,443	297,052	307,661	2,891,738
OC-12	159,135	159,135	159,135	159,135	159,135	159,135	159,135	159,135	159,135	159,135	159,135	159,135	2,148,323
OC-48	318,270	318,270	318,270	318,270	318,270	318,270	318,270	318,270	318,270	318,270	318,270	318,270	4,286,645
Projected customers													
WVUNASA	47,741	47,741	47,741	47,741	47,741	47,741	47,741	47,741	47,741	47,741	47,741	47,741	572,888
Cleveland School District	68,000	69,000	70,000	71,000	72,000	73,000	74,000	75,000	76,000	77,000	78,000	79,000	882,000
Other	\$ 2,408,815	\$ 2,550,453	\$ 2,892,092	\$ 2,833,731	\$ 2,975,370	\$ 3,116,916	\$ 3,258,455	\$ 3,400,000	\$ 3,541,539	\$ 3,683,078	\$ 3,824,617	\$ 3,966,156	\$ 41,259,776
Total revenue	\$ 2,408,815	\$ 2,550,453	\$ 2,892,092	\$ 2,833,731	\$ 2,975,370	\$ 3,116,916	\$ 3,258,455	\$ 3,400,000	\$ 3,541,539	\$ 3,683,078	\$ 3,824,617	\$ 3,966,156	\$ 41,259,776

SEE ACCOUNTANT'S COMPILATION REPORT

Clynnet Holding, LLC
 Forecasted Number of Customers Per Month
 For the Twelve Months Ended
 December 31, 2003

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003
Voice												
Integrated T1								50	100	150	200	250
Data												
T1 Internet								25	50	75	100	125
10 Meg Internet							1	2	3	4	5	6
ISP PRI							10	40	45	50	55	60
Long-haul												
DS-1							3	8	14	20	28	32
DS-3							1	3	5	7	9	11
OC-3									1	2	3	4
OC-12							1	1	1	2	2	3
OC-48							1	1	1	2	2	3

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Number of Customers Per Month
 For the Twelve Months Ended
 December 31, 2004

	January 2004	February 2004	March 2004	April 2004	May 2004	June 2004	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004
Voice	300	350	400	450	550	650	750	850	950	1,050	1,150	1,250
Integrated T1												
Data												
T1 internet	150	175	200	225	260	275	300	400	500	600	700	800
10 Meg Internet	7	8	9	10	11	12	13	14	15	16	17	18
ISP PRI	65	70	75	80	85	90	95	100	105	110	115	120
Long-haul												
DS-1	38	44	50	56	62	68	74	80	86	92	98	104
DS-3	17	19	21	23	25	27	29	31	33	35	37	39
OC-3	6	7	8	9	10	11	12	13	14	15	16	17
OC-12	3	3	3	4	4	4	4	5	5	5	5	5
OC-48	3	3	3	4	4	4	4	5	5	5	5	5

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Number of Customers Per Month
 For the Twelve Months Ended
 December 31, 2005

	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005
Voice	1,350	1,450	1,550	1,650	1,750	1,850	1,950	2,050	2,150	2,250	2,350	2,450
Integrated T1												
Data												
T1 Internet	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000
10 Meg Internet	19	20	21	22	23	24	25	26	27	28	29	30
ISP PRI	125	130	135	140	145	150	155	160	165	170	175	180
Long-haul												
DS-1	110	116	122	128	134	140	146	152	158	164	170	176
DS-3	41	43	45	47	49	51	53	55	57	59	61	63
OC-3	18	19	20	21	22	23	24	25	26	27	28	29
OC-12	6	6	6	6	6	7	7	7	7	7	8	8
OC-48	6	6	6	6	6	7	7	7	7	7	8	8

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Charge By Service Per Month
 For the Twelve Months Ended
 December 31, 2003

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003
Voice	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600
Integrated T1	500	500	500	500	500	500	500	500	500	500	500	500
Data	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
T1 Internet	200	200	200	200	200	200	200	200	200	200	200	200
10 Meg Internet	500	500	500	500	500	500	500	500	500	500	500	500
ISP PRI	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Long-haul	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
DS-1	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
DS-3	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
OC-3	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
OC-12												
OC-48												
	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Change By Service Per Month
 For the Twelve Months Ended
 December 31, 2004

	January 2004	February 2004	March 2004	April 2004	May 2004	June 2004	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004
Voice	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618
Integrated T1												
Data												
T1 Internet	515	515	515	515	515	515	515	515	515	515	515	515
10 Meg Internet	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060
ISP PRI	206	206	206	206	206	206	206	206	206	206	206	206
Long-haul												
DS-1	515	515	515	515	515	515	515	515	515	515	515	515
DS-3	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090	3,090
OC-3	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
OC-12	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750
OC-48	51,500	51,500	51,500	51,500	51,500	51,500	51,500	51,500	51,500	51,500	51,500	51,500
	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500	\$ 51,500

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Charge By Service Per Month
 For the Twelve Months Ended
 December 31, 2005

	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005
Voice	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637	\$ 637
Integrated T1	530	530	530	530	530	530	530	530	530	530	530	530
Data	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122
T1 Internet	212	212	212	212	212	212	212	212	212	212	212	212
10 Meg Internet	530	530	530	530	530	530	530	530	530	530	530	530
ISP PRI	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183
Long-haul	10,609	10,609	10,609	10,609	10,609	10,609	10,609	10,609	10,609	10,609	10,609	10,609
DS-1	26,523	26,523	26,523	26,523	26,523	26,523	26,523	26,523	26,523	26,523	26,523	26,523
DS-3	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045
OC-3	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045
OC-12												
OC-48												
	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045	\$ 53,045

SEE ACCOUNTANT'S COMPILATION REPORT

Chynet Holding, LLC
Forecasted Schedule of Operating Expenses
For the Twelve Months and Three Years Ending
December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Network expense	\$ 80,000	\$ 80,000	\$ 80,000	\$ 82,000	\$ 82,000	\$ 132,000	\$ 135,000	\$ 156,750	\$ 163,500	\$ 170,250	\$ 177,000	\$ 183,750	\$ 1,118,250	\$ 2,806,600	\$ 3,760,688
Payroll taxes	24,000	24,000	24,000	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	1,483,000	2,884,000	2,396,000
Depreciation and amortization expense	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	122,013	1,435,900	715,200	718,800
Bad debt expense	-	-	-	372	1,344	1,378	3,078	5,190	6,512	8,334	10,666	13,478	1,464,158	2,015,901	1,883,519
Agency fees	-	-	-	-	-	-	4,000	50,500	45,500	45,500	45,500	45,500	51,340	89,536	111,544
Personal property taxes	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	236,500	1,002,705	1,438,590
Insurance expenses	60,000	60,000	60,000	60,000	75,000	75,000	75,000	18,000	18,000	18,000	18,000	18,000	180,000	500,000	515,000
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage and shipping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	15,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	1,315,000	222,480	195,700
Professional fees	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	160,000	240,000	247,200
Data	500	500	500	500	500	500	500	500	500	500	500	500	9,000	9,270	9,548
Contract labor	500	500	500	500	500	500	500	500	500	500	500	500	230,000	240,000	247,200
Office supplies	300	300	300	300	300	300	300	300	300	300	300	300	18,000	18,640	19,096
Donations	300	300	300	300	300	300	300	300	300	300	300	300	151,000	155,530	160,196
Bank service charges	100	100	100	100	100	100	100	100	100	100	100	100	6,000	6,160	6,385
Travel expense	1,000	1,000	1,000	1,000	1,000	1,000	100	200	500	500	500	500	30,600	38,000	37,060
Office expense	250	250	2,000	2,000	2,000	2,000	2,000	2,500	2,500	2,500	2,000	2,000	2,000	2,000	2,122
Cleaning and maintenance	300	300	300	300	300	300	300	300	300	300	300	300	1,700	1,751	1,804
Meals and entertainment expense	500	500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,500	60,000	61,800
	\$ 309,953	\$ 351,630	\$ 305,080	\$ 399,052	\$ 434,024	\$ 566,058	\$ 682,258	\$ 852,720	\$ 855,232	\$ 865,864	\$ 931,438	\$ 941,008	\$ 7,484,383	\$ 12,101,811	\$ 13,489,943

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Schedule of Network Expense
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Cleveland expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 75,000	\$ 180,000	\$ 180,000
Ohio/Ind/PANW Ring	-	-	22,000	22,000	22,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	770,000	1,320,000	1,320,000
Utilities	-	-	-	-	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	220,000	220,000	233,398
New off net customers	-	-	22,000	22,000	22,000	132,000	135,000	9,750	18,500	23,250	30,000	36,750	119,250	1,050,000	2,047,500
	\$ -	\$ -	\$ 22,000	\$ 22,000	\$ 22,000	\$ 132,000	\$ 135,000	\$ 156,750	\$ 163,500	\$ 170,250	\$ 177,000	\$ 183,750	\$ 1,184,250	\$ 2,806,600	\$ 3,750,898

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Schedule of Network Expense
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003	Year Ending December 31, 2004	Year Ending December 31, 2005
Off Net Cost Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750	\$ 7,500	\$ 11,250	\$ 15,000	\$ 18,750	\$ 66,250	\$ 81,750	\$ 1,087,500
Voice Integrated Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 6,000	\$ 9,000	\$ 12,000	\$ 15,000	\$ 18,000	\$ 63,000	\$ 562,500	\$ 890,000
Off Net Cost per Customer	150	150	150	150	150	150	150	150	150	150	150	150	119,250	1,080,000	2,047,500
Voice Integrated	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Off Net Customer	-	-	-	-	-	-	20	25	60	75	100	125	140	3,450	7,050
Voice Integrated	-	-	-	-	-	-	40	40	60	80	100	120	140	3,720	6,800

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Schedule of Agency Fees
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Year Ending December 31, 2003
Voice Integrated T1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Data													
T1 Internet													
10 Meg Internet								12,500	12,500	12,500	12,500	12,500	62,500
ISP PRI							2,000	2,000	2,000	2,000	2,000	2,000	12,000
Long-haul							2,000	6,000	1,000	1,000	1,000	1,000	12,000
DS-1													
DS-3													
OC-3													
OC-12													
OC-48													
Total agency fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 50,500	\$ 45,500	\$ 45,500	\$ 45,500	\$ 45,500	\$ 236,500
Accrued agency fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 54,500	\$ 98,000	\$ 91,000	\$ 91,000	\$ 91,000	\$ 91,000

SEE ACCOUNTANT'S COMPILATION REPORT

Citynet Holding, LLC
 Forecasted Schedule of Agency Fees
 For the Twelve Months and Three Years Ending
 December 31, 2003, 2004 and 2005

	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005	Year Ending December 31 2005
Voice													
Integrated T1	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 63,654	\$ 783,848
Data													
T1 Internet	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	53,045	636,540
10 Meg Internet	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	25,462
ISP PRI	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,731
Long-haul	-	-	-	-	-	-	-	-	-	-	-	-	-
DS-1	-	-	-	-	-	-	-	-	-	-	-	-	-
OC-3	-	-	-	-	-	-	-	-	-	-	-	-	-
OC-12	-	-	-	-	-	-	-	-	-	-	-	-	-
OC-48	-	-	-	-	-	-	-	-	-	-	-	-	-
Total agency fees	<u>\$ 119,882</u>	<u>\$ 1,438,580</u>											
Accrued agency fees	<u>\$ 238,272</u>	<u>\$ 239,763</u>											

SEE ACCOUNTANTS COMPILATION REPORT

CITYNET HOLDING, LLC
 BALANCE SHEET
 ACCRUAL BASIS
 JANUARY 1 THROUGH SEPTEMBER 1, 2003

COPY

RECEIVED

2003 NOV -7 A 10: 08

AZ CORP COMMISSION
 DOCUMENT CONTROL

T-04201A-03-0552

ASSETS

Current Assets

Checking/Savings

Bank One - Citynet Holding

\$ 53,331.27

Petty Cash

\$ 500.00

Total Checking/Savings

\$ 53,831.27

Accounts Receivable

Accounts Receivable

\$ 77,958.73

Total Accounts Receivable

\$ 77,958.73

Other Current Assets

A/R - Citynet Columbus

\$ 886,592.97

Total Other Current Assets

\$ 886,592.97

Total Current Assets

\$ 1,018,382.97

Fixed Assets

Adelphia

\$ 14,003,061.14

Equipment - IL

\$ 64,609.50

Equipment - IN

\$ 11,318.00

Equipment - OH

\$ 11,883.00

L/H Improvement - OHIO

\$ 5,830.11

Nortel Optical Equipment

\$ 460,000.00

Right To Use License - FNC

\$ 320,000.00

Switch Equip/Installation-AZ

\$ 85,846.00

Total Fixed Assets

\$ 14,962,547.75

Other Assets

Nationwide Realty Columbus Dep

\$ 25,000.00

Ohio Interconn. Sprint- Deposit

\$ 10,000.00

Rent/ILLINOIS - Deposit

\$ 94,005.50

Total Other Assets

\$ 129,005.50

TOTAL ASSETS

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

\$ 413,594.37

Accounts Payable

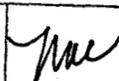
\$ 413,594.37

Total Accounts Payable

Arizona Corporation Commission

DOCKETED

NOV 07 2003

DOCKETED BY 

CITYNET HOLDING, LLC
BALANCE SHEET
ACCRUAL BASIS
JANUARY 1 THROUGH SEPTEMBER 1, 2003

Other Current Liabilities		
A/P - Citynet	\$	4,378,833.30
A/P - Lorenze	\$	25,682.22
A/P - Lorenze & Puskar	\$	2,050,104.05
A/P - Platinum Properties	\$	9,042,559.50
A/P - Puskar	\$	1,023,606.01
Accrued Payroll Taxes	\$	4,629.76
Accrued Salaries	\$	58,221.28
Accrued Workers Comp	\$	1,362.67
Total Other Current Liabilities	\$	<u>16,584,998.79</u>
 Total Current Liabilities		
 Long Term Liabilities		
Deferred Rent - Austin TX	\$	8,440.68
Deferred Rent - Chicago IL	\$	19,685.55
Deferred Rent - Cincinnati OH	\$	14,106.36
Deferred Rent - Phoenix AZ	\$	44,510.05
N/P - Centra Bank	\$	2,000,000.00
N/P - Progressive Bank	\$	454,272.03
Total Long Term Liabilities	\$	<u>2,541,014.67</u>
 Total Liabilities	\$	19,539,607.83
 Equity		
Net Income	\$	<u>(3,429,671.61)</u>
Total Equity	\$	(3,429,671.61)
 TOTAL LIABILITIES & EQUITY	\$	16,109,936.22

CITYNET HOLDING, LLC
 PROFIT LOSS
 ACCURAL BASIS
 JANUARY 1 THROUGH SEPTEMBER 1, 2003

Ordinary Income/Expense	
Income	
Management Fee Revenue	\$ 10,000.00
Reimbursed Expenses	\$ 50,000.00
Services	\$ 109,633.00
Total Income	<u>\$ 169,633.00</u>
Expense	
Bank Service Charges	\$ 98.00
Cleaning	\$ 430.00
Dues/Memberships	\$ 381.15
Equipment Expense	\$ 37,934.56
Ethernet	\$ 40,465.77
Insurance:	
Dental Insurance	\$ 2,014.50
Health Insurance	\$ 106,290.67
Liability Insurance	\$ 55,956.54
Life Insurance	\$ 3,440.00
Workers Comp	\$ 3,708.57
Total Insurance	\$ 171,410.28
Interest Expense	\$ 370,997.36
Licenses/Permits/Fees	\$ 35,319.62
Local Number Portability Charge	\$ 1,116.13
Management Fee Expense	\$ 152,430.00
Miscellaneous	\$ 34,238.39
Office Supplies	\$ 1,408.67
Payroll Expenses	
Contracted Service	\$ 64,475.95
FUTA	\$ 1,210.00
Medicare	\$ 11,585.84
Payroll Taxes	\$ 4,629.76
Processing Fee	\$ 2,397.95
Salaries and Wages	\$ 915,617.12
Social Security	\$ 48,642.91
SUTA	\$ 4,940.99
Training	\$ 1,720.00
Total Payroll Expenses	\$ 1,055,220.52
Postage and Delivery	\$ 3,388.20
Professional Development	\$ 65.00
Professional Fees	
Accounting	\$ 38,375.55
Consulting	\$ 1,600.00
Contracting Services	\$ 4,698.33
Legal Fees	\$ 203,443.46
Locating Services	\$ 67,500.47
Reporting Services	\$ 1,712.42
Total Professional Fees	\$ 317,330.23

CITYNET HOLDING, LLC
 PROFIT LOSS
 ACCURAL BASIS
 JANUARY 1 THROUGH SEPTEMBER 1, 2003

Rent		
Association Dues	\$ 21.90	
Base Rent	\$ 984,469.37	
CAM Reserve Charge	\$ 16,914.00	
Operating Expenses	\$ 99,174.01	
Real Estate Tax	\$ 22,086.00	
Rent - Other	\$ 5,921.72	
Sign Charge	\$ 6,000.00	
Tax - Operating Expense	\$ 878.29	
Tax - Rent	\$ 6,951.07	
Total Rent		\$ 1,142,416.36
Taxes		
Property - Gateway Columbus	\$ 1,979.04	
Total Taxes		\$ 1,979.04
Travel & Ent		
Airfare	\$ 2,754.45	
Automobile Rental	\$ 956.06	
Entertainment	\$ 2,365.59	
Gasoline and Oil	\$ 2,219.98	
Lodging	\$ 2,029.83	
Meals	\$ 520.65	
Parking & Tolls	\$ 234.05	
Taxi/Bus/Subway	\$ 6.00	
Travel	\$ 1,390.85	
Total Travel & Ent		\$ 12,477.46
Utilities		
Cell Phone	\$ 4,302.45	
Electric	\$ 154,352.78	
Fire Protection System	\$ 757.76	
Garbage	\$ 192.28	
Gas	\$ 42.03	
Internet	\$ 148.33	
SBI ACCESS	\$ 853.10	
Security	\$ 601.56	
Telephone	\$ 12,459.63	
Telephone/DSL	\$ 48,560.57	
Waste Disposal	\$ 369.91	
Water/Sewage	\$ 822.24	
Total Utilities		\$ 223,462.64
Vehicle Maintenance		\$ 10,564.30
Total Expense		\$ 3,613,313.68
Net Ordinary Income		\$ (3,443,680.68)

CITYNET HOLDING, LLC
PROFIT LOSS
ACCURAL BASIS
JANUARY 1 THROUGH SEPTEMBER 1, 2003

Other Income/Expense	
Other Income	
Interest Income	\$ 14,009.07
Total Other Income	<u>\$ 14,009.07</u>
Net Other Income	\$ 14,009.07
Net Income	\$ (3,429,671.61)

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ECKERT SEAMANS CHERIN & MELLOTT, LLC RECEIVED

2003 NOV 19 A 11:19

1515 Market Street
Ninth Floor
Philadelphia, PA 19102
Telephone: 215.851.8400
Facsimile: 215.851.8383
www.escm.com

September 16, 2003

VIA FACSIMILE 602-542-2120

Mr. Adam Lebrecht
Executive Consultant I
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ

Arizona Corporation Commission
DOCKETED

NOV 19 2003

DOCKETED BY *CAK*

Boston
Haddonfield, NJ
Harrisburg
Morgantown, WV
Philadelphia
Pittsburgh
Washington, D.C.

Re: Citynet Arizona, LLC (the "Citynet")
Docket No. T-04201-03-0552

Dear Adam:

This letter is in response to your letter dated August 11, 2003 regarding the Staff's Letter of Sufficiency and First Set of Data Requests for the Company (the "Data Requests").

1. Before submitting the financial information required under Item (B-2) of the application, we are awaiting further information from your office whether there is a procedure or process by which certain privileged information in our financial information can be protected from becoming public information. Such privileged information includes, but may not be limited to, financial resources and strengths and weaknesses of the company, which is not a publicly traded company. When I spoke with you today, you advised me that you would speak to someone on your legal department and advise me accordingly.
2. Please be advised that Citynet currently employs approximately eighty (80) employees which will increase to approximately one hundred and forty (140). The top five (5) members of Citynet average over twenty (20) years of experience in the telephone industry. The top ten (10) employees average over seventeen (17) years of experience and the Chief Operating Officer has over thirty-four (34) years of experience in the industry. The Director of Regulatory and Access has over thirty (30) years of experience and the Vice President of Networking has over twenty (20) years

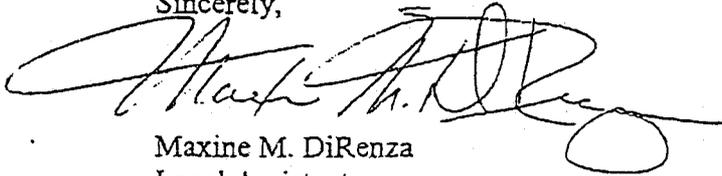
Mr. Adam Lebrecht
Arizona Corporation Commission
September 16, 2003
Page 2

of experience in ten different countries. It is estimated that the one-hundred and forty (140) Citynet employees will have over 1,200 years of combined experience in this industry.

Please let me know if Item 2. above is acceptable as a response to Item 2 of the Data Requests which accompanied your letter of August 11, 2003.

Thank you for your assistance and courtesy.

Sincerely,



Maxine M. DiRenza
Legal Assistant

MMD/
cc: Stephen P. Hershey, Esquire

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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman

WILLIAM A. MUNDELL
Commissioner

JEFF HATCH-MILLER
Commissioner

MIKE GLEASON
Commissioner

KRISTIN K. MAYES
Commissioner

RECEIVED
2004 JAN 22 P 4: 29
ARIZONA CORPORATION COMMISSION
DEPARTMENT OF REVENUE

IN THE MATTER OF THE APPLICATION)
OF CITYNET ARIZONA, LLC FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO PROVIDE FACILITIES-)
BASED AND RESOLD LONG DISTANCE)
AND FACILITIES-BASED AND RESOLD)
LOCAL EXCHANGE SERVICES AND)
PETITION FOR COMPETITIVE)
CLASSIFICATION OF PROPOSED)
SERVICES WITH THE STATE OF ARIZONA)

Docket No: T-04201A-03-0552

**FIRST AMENDMENT TO
APPLICATION**

On August 7, 2003, Citynet Arizona, LLC ("Citynet") filed an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission ("Commission"). Through this First Amendment to Application, Citynet seeks to revise and supplement certain information set forth in the Application. Attached as Exhibit 1 to this First Amendment are biographies for certain management personnel, which should supplement the prior set of biographies and replace the biographies of Mr. Hoban and Mr. Robinson, both of whom are no longer with Citynet.

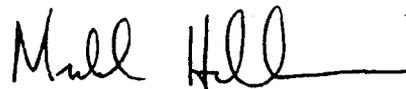
1 Citynet also notes that its response to A-8.2 and A-8.3 should be revised to reflect
2 that Citynet, LLC is owned 30% by James R. J. Martin II and 70% by EIO, LLC, a West
3 Virginia limited liability company.

4 Finally, Citynet intends to operate in Arizona under the dba "NFiNet Arizona" and
5 therefore, revises its response to question A-3 in its Application to reflect this intention.
6 Recently, Citynet Holdings, LLC, the parent company of Citynet Arizona, LLC, entered
7 into an Asset Purchase Agreement with NFiNet Communications, LLC for the sale of
8 certain of Citynet's telecommunication assets in Arizona. Citynet Arizona, LLC continues
9 in its desire to obtain a Certificate of Convenience and Necessity to provide intrastate
10 telecommunication services in Arizona so that it may begin to operate those assets pending
11 the transfer of assets to NFiNet. Following the issuance of a Certificate of Convenience
12 and Necessity to Citynet, it is the intent of the parties that Citynet and NFiNet enter into a
13 management agreement whereby NFiNet will manage the assets under the name NFiNet
14 Arizona until such time as NFiNet obtains its own Certificate of Convenience and
15 Necessity and until such time as the parties receive all necessary approvals for the transfer
16 of the assets.

17 Citynet respectfully requests that the Commission amend Citynet's pending
18 Application to include this revised information.

19
20 RESPECTFULLY SUBMITTED this 22nd day of January, 2004.

21
22 LEWIS AND ROCA LLP

23 

24 Thomas H. Campbell
25 Michael T. Hallam
26 40 N. Central Avenue
Phoenix, Arizona 85004
(602) 262-5723

LEWIS
AND
ROCA
LLP
LAWYERS

1 ORIGINAL and thirteen (13) copies of the foregoing
2 filed this 2nd day of January, 2004, with:

3 The Arizona Corporation Commission
4 Utilities Division – Docket Control
5 1200 W. Washington Street
6 Phoenix, Arizona 85007

7 COPY of the foregoing hand-delivered
8 this 2nd day of January, 2004, to:

9 Philip J. Dion, III, Administrative Law Judge
10 Hearing Division
11 Arizona Corporation Commission
12 1200 W. Washington Street
13 Phoenix, Arizona 85007

14 Maureen Scott, Esq.
15 Legal Division
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, Arizona 85007

19 Ernest Johnson, Director
20 Utilities Division
21 Arizona Corporation Commission
22 1200 W. Washington Street
23 Phoenix, Arizona 85007

24 Adam Lebrecht
25 Utilities Division
26 Arizona Corporation Commission
27 1200 W. Washington Street
28 Phoenix, Arizona 85007

29 COPY of the foregoing mailed
30 this 2nd day of January, 2004, to:

31 Jeffrey A. Ray
32 Eckert Seamans Cherin & Mellot
33 2400 Cranberry Square
34 Morgantown, WV 16508-9209



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EXHIBIT 1

Barry Hayes, Director of Engineering

Barry Hayes serves as Director of Engineering for Citynet. He has been in the Telecom industry for over 27 years and holds a BS in Communications from Ohio University. He has worked in engineering positions at several large telecom companies including IT&T and Qwest. He also had a key management role in the development and installation of the telecom department at Ohio State University where he ran the engineering group. His experience also includes several years in the CLEC industry with CoreComm where he was responsible for the switch deployment and network design. He is considered an expert in switch translations on Nortel and Lucent switches and also on Nortel International switches.

Steven Gwin, Director of Provisioning and Carrier Relations

Mr. Gwin serves as the Director of Provisioning and Carrier Relations for the Citynet local exchange carrier operation (CNCLEC). He has more than 16 years experience in the telecommunications industry, and as leader of the Citynet network operation team, he is responsible for provisioning and maintaining the company's local telecommunication and internet services. Prior to joining Citynet, Mr. Gwin served as Senior Director of Network Operations for Qwest Communications and he has also held a number of leadership positions with LCI and Qwest.

Louis Baumgartner, Director of Operations

Lou Baumgartner serves as Director of Operations for the Citynet CLEC operation. Mr. Baumgartner has over 35 years experience in the telecommunications industry. His areas of expertise include: engineering and provisioning network operations and managing voice and data networks. Prior to joining Citynet, he served as the Senior Director of Central Office Engineering for Qwest (LCI) and he has worked for Western Electric, Lucent Technologies, American Telephone and Telegraph, and Ameritech Advanced Data Service. As Lead Operations Manager at Ameritech, he coordinated the installation of data networking equipment for Children's Hospital, The State of Ohio, Ohio State University Hospital, Riverside Hospital, Ohio Health, Mt Carmel Hospital, and the City of Findlay. While at Lucent, Lou taught courses in Switch Technology, Facility Transmission, LANs, Switch Multimegabit Data Service, Frame-Relay, ATM, Routers, and Hubs.

Gale Hayes, Planning Engineer/Project Manager

Mr. Hayes began his career writing payroll software and project managing software for a firm that specialized in providing computer programming for state and federal government agencies and banking, legal, and

medical firms. Mr. Hayes entered the telecommunications business in 1987 after leaving The Ohio State University, where he served as the University's Outside Plant Engineer. While at the university, he was instrumental in designing and constructing the University's sonnet fiber networks as well as maintaining the existing copper plant and constructing the cable television network wiring. He worked as a Planning Engineer at ATX/CoreComm and was responsible for the construction of CoreComm's integration collocations into SBC and Verizon territories. He has been responsible for telecommunications projects ranging from the development of two sports arenas, medical facilities, radio and television broadcasting facilities and distance video installations. He holds an Electrical Engineering degree from Shawnee State University.

Eric Alexander, Operations Manager

Mr. Alexander serves as the Operations Manager for Citynet in Columbus, Ohio. He began his career at the Ohio Supercomputer Center as a student in 1990. Upon graduation from The Ohio State University in 1992 he continued his work at the center and remained there until 1995. After leaving the Supercomputer Center, he worked for Qwest, where he was responsible for designing video conferencing systems and voice switch services. Prior to joining Citynet, he served as Operations Manager for Adelphia Business Solutions in Columbus for three years and was part of the team that brought the voice, data and integrated services including a Lucent 5ESS online in early 2003.

Scott C. Lancia, Outside Plant Engineering and Construction

Mr. Lancia is responsible for the engineering and construction of fiber optic facilities for the Citynet CLEC operation. He has over 15 years experience in the telecommunications industry, including 10 years of project related experience that includes construction, project management, engineering, right-of-way, and fiber route design. Mr. Lancia graduated from Ohio University with a Bachelor of Science in Business Administration. His areas of expertise include: design and implementation of SONET ring construction; engineering and construction project management; and budgets analysis. Mr. Lancia was a pivotal participant in the construction of the Central Ohio backbone network for TelCove (f.k.a. Adelphia Business Solutions).